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ABSTRACT

This business financial applications document combines the curriculum guide, simulations, and the test bank for the 1-semester course. The guide provides students with an overview of the banking industry used for entry-level positions or advancement into an occupationally specific course. It begins with a course description, suggested scope and sequence, essential elements for business financial applications, 19 resources, and 10 references. Other sections and units are as follows: introductory lesson; banking operations (checking accounts, teller operations, and bookkeeping systems); credit administration (credit investigation and credit analysis); loans (types and purposes of loans and interest calculations); legal aspects of banking and other financial institutions (customer and consumer services, savings and loan operations, and credit union operations); and closure for business financial applications. Two appendices contain reference addresses and suggested handicap modifications. Teacher's guide units within each section may contain the following information: suggested unit lesson plan (element, allocated time, unit objective, student competencies, focus, domain, and basic skills); content outline; and teaching suggestions (general teacher preparation, teacher presentation, reteach activities, and specific teaching suggestions.) The simulations section provides instructional materials for the course. Two simulations are provided for each section of the guide. A 1-hour simulation provides information for a 1-semester course and a 3-hour simulation provides information for a full-year course. Each simulation is based on working at a specific company. The simulations may serve as a test or as additional activities to tie in the section's concepts. Brief instructions and a grading sheet are provided for the teacher at the front of each simulation. Most answers are provided. In addition to introductory pages, this guide contains four sections, each containing information on several units: (1) banking operations systems simulations; (2) credit administration simulations; (3) loan simulations; and (4) legal aspects of banking and other financial institution simulations. The test bank provides instructors with test items coordinated with the Curriculum Guide. In addition to introductory pages, these test banks contain four sections. Each section has units corresponding to those detailed in the simulations section. Each unit within a section contains the test questions and answers in a number of formats: true and false, multiple choice, matching, fill in the blank, and essay. At the end of each section a competency matrix contains unit questions and question types. (The related data disks contain only the true and false questions and the multiple-choice questions from each section.) (NLA)

ED 372 177

Business Financial Applications

Curriculum Guide

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BUSINESS FINANCIAL APPLICATIONS

CURRICULUM GUIDE

Prepared by
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Office Education
Curriculum Consultant

Published by
Occupational Curriculum Laboratory
Department of Secondary and Higher Education
East Texas State University
Commerce, Texas

in cooperation with
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Ray Nell Massey
Office Education
Curriculum Consultant

PREFACE

Vocational Education's primary goal is to train students with salable skills. With this in mind, representatives from banks, savings and loan associations, and credit unions identified six areas as being entry-level positions for which students just out of high school could qualify: receptionist, new accounts personnel, customer service representative, bookkeeper, paying and receiving teller, and proof operator.

It is suggested that you use this curriculum guide combined with your own motivational techniques, local resources, and personal teaching style to prepare students to assume their careers in the financial field.

The Office Education Business Financial Applications Curriculum was prepared to provide quality instructional materials for Office Education courses in Texas. The Occupational Curriculum Laboratory is currently developing and disseminating competency-based materials under contract with the Texas Education Agency for both secondary and postsecondary programs. All publications and instructional materials are developed and coordinated by curriculum specialists who are experienced instructors and are validated for technical content by business and industry.

This curriculum guide is designed to serve as an excellent basis for achieving the Office Education essential elements mandated by the Texas Education Agency. The purpose of developing this curriculum guide is to provide the instructors with a comprehensive curriculum guide that furnishes an outline correlated to the essential elements, that is scoped and sequenced, and which furnishes a structure from which to prepare lesson plans. A competency checklist is provided for recording student's mastery or non-mastery of the essential elements. Suggestions and comments concerning this curriculum guide are requested.

BUSINESS FINANCIAL APPLICATIONS

A cluster course which introduces the basic concepts and skills necessary for employment in financial institutions. Special emphasis will be placed on banking operations, credit administration, types of loans, legal aspects of banking and other financial institutions. This course provides the students with an overview and understanding of the banking industry which may be used for an entry-level position or advancement into an occupationally-specific course.

BANKING OPERATIONS

Checking Accounts
Teller Operations
Bookkeeping Systems

CREDIT ADMINISTRATION

Credit Investigation
Credit Analysis

LOANS

Types and Purposes of Loans
Interest Calculation

LEGAL ASPECTS OF BANKING & OTHER FINANCIAL INSTITUTIONS

Customer and Consumer Services
Savings and Loan Operations
Credit Union Operations

SUGGESTED SCOPE AND SEQUENCE

BUSINESS FINANCIAL APPLICATIONS

ONE SEMESTER COURSE

SECTION/UNIT	TITLE		WEEKS	HRS.
I.	**BANKING OPERATIONS**		**4 1/2**	**22 1/2**
	1.	Checking Accounts	1 1/2	7 1/2
	2.	Teller Operations	2	10
	3.	Bookkeeping Systems	1	5
II.	**CREDIT ADMINISTRATION**		**2**	**10**
	1.	Credit Investigation	1	5
	2.	Credit Analysis	1	5
III.	**LOANS**		**3**	**15**
	1.	Types and Purposes of Loans	1 1/2	7
	2.	Interest Calculation	1 1/2	8
IV.	**LEGAL ASPECTS OF BANKING & OTHER FINANCIAL INSTITUTIONS**		**3 1/2**	**17 1/2**
	1.	Customer and Consumer Services	1 1/2	7 1/2
	2.	Savings and Loan Operations	1	5
	3.	Credit Union Operations	1	5
TOTAL WEEKS/HOURS ALLOCATED:			**13**	**65**

One week has been set aside to cover human relations. Four weeks have been set aside to cover the common essential elements, review, makeup work, and testing.

SUGGESTED SCOPE AND SEQUENCE

BUSINESS FINANCIAL APPLICATIONS

FULL-YEAR COURSE

SECTION/UNIT	TITLE	WEEKS	HRS.
I.	**BANKING OPERATIONS**	**9**	**45**
	1. Checking Accounts	3	15
	2. Teller Operations	4	20
	3. Bookkeeping Systems	2	10
II.	**CREDIT ADMINISTRATION**	**4**	**20**
	1. Credit Investigation	2	10
	2. Credit Analysis	2	10
III.	**LOANS**	**6**	**30**
	1. Types and Purposes of Loans	3	15
	2. Interest Calculation	3	15
IV.	**LEGAL ASPECTS OF BANKING & OTHER FINANCIAL INSTITUTIONS**	**7**	**35**
	1. Customer and Consumer Services	3	15
	2. Savings and Loan Operations	2	10
	3. Credit Union Operations	2	10
TOTAL WEEKS/HOURS ALLOCATED:		**26**	**130**

Two weeks have been set aside to cover human relations. Eight weeks have been set aside to cover the common essential elements, review, makeup work, and testing.

OFFICE EDUCATION ESSENTIAL ELEMENTS

BUSINESS FINANCIAL APPLICATIONS

75.87

(k) Business financial applications (1/2 or one unit) shall include the following essential elements:

(1) Concepts and skills related to banking operations. The student shall be provided opportunities to:

(A) identify and understand checking accounts;

(B) understand fundamentals of teller operations; and

(C) identify and understand bookkeeping systems.

(2) Concepts and skills related to credit administration. The student shall be provided opportunities to:

(A) understand methods of credit investigation; and

(B) understand concepts related to the use of credit analysis.

(3) Concepts and skills related to loans. The student shall be provided opportunities to:

(A) identify types of loans and purposes; and

(B) demonstrate and understand calculation of interest and payoff.

(4) Concepts and skills related to legal aspects of banking. The student shall be provided opportunities to:

(A) understand customer and consumer services; and

(B) understand regulations of financial intermediaries.

(5) Concepts and skills related to other financial institutions. The student shall be provided opportunities to:

(A) understand and explore savings and loan operations; and

(B) understand and explore credit union operations.

RESOURCES

A BANK TELLER SIMULATION--Community National Bank, Sargent & Ward, South-Western Publishing, Y-64

AAVIM
120 Driftmier Center
Athens, GA 30602
Available: VHS video on Financial Planning and Management
Series of seven, $395.00 or each $59.00; Checking Accounts, Savings Plans, Budgets, Credit, Loans, Investments, Net Worth

AMERICAN BANKERS ASSOCIATION
1120 Connecticut Avenue N.W.
Washington, D.C. 20036
Order: Catalog of books and manuals

Ask your local bank to order:
BANKING IS, a student study guide for personal banking; 30 pages
National Learning Productions, Inc.
505 6th Avenue
P. O. Box 246
St. Albans, WV 25177

CAREER AIDS, INC.
20417 Nordhoff Street, Dept. K4
Chatsworth, CA 91311
Order: Occupational, Vocational, & Career Education Catalog
for software, filmstrips, video, and multimedia materials; computer software for Bank Teller, Handling Money; Banking: Money Management
Computer software:
Change Maker (practice making change) $25.00
Banking: Money Management (fundamental money management/banking activities) includes 1 disk & teacher's manual (for Apple computer) $49.95
Handling Money (making change) (for Apple computer) $29.95

CONSUMER INFORMATION CENTER-E
P. O. Box 100
Pueblo, Colorado 81002
Order: Consumer's Resource Handbook
Lists federal agencies to write for free brochures

DLM TEACHING RESOURCES
P.O. Box 4000
One DLM Park
Allen, TX 75002
Order: Catalog for Instructional Materials
Resources on mathematics, money matters.

EDUCATIONAL SERVICE BUREAU
Dow Jones & Company, Inc.
P.O. Box 300
Princeton, N.J. 08540
Order: List of Free Materials Available to Educators

EXCEPTIONAL FREE LIBRARY RESOURCE MATERIALS by Carol Smallwood. NOTE: Look for this book at your library. This list is very good for resource materials.

FEDERAL RESERVE BANK OF DALLAS
Public Affairs Department
Station K
Dallas, TX 75222
Request free brochures

FEDERAL RESERVE BANK OF NEW YORK
Publication Information Department
Federal Reserve P.O. Station
New York, N.Y. 10045
Order: Arithmetic of Interest Rates (free)

J. WESTON WALCH, PUBLISHER
321 Valley Street
P.O. Box 658
Portland, MA 04104-0658
Order: Walch Business Catalog
"Banking", 50 spirit masters, answer key, (may photocopy for all students of one teacher) $19.95 (Very good)

Modern Talking Picture Service
5000 Park Street North
St. Petersburg, FL 33709
Order: The Modern Catalog of Free Loan Video & 16 MM Films
Suggest: Film 14m, *The Federal Home Loan Bank System*
Film 14 m, *EFT at Your Service*
Film 20m, *The Fed--Our Central Bank*

OKLAHOMA STATE DEPARTMENT OF
VOCATIONAL AND TECHNICAL
EDUCATION
1500 W. 7th
Stillwater, OK
Guide: Banking, Savings & Loan ; Teller
Operations

PRENTICE-HALL COMPANY
ALL ABOUT BANKING, four filmstrips and four cassettes designed to provide information about banking

Most banks have available:
CHECKBOOK MANAGEMENT, a small brochure about checking accounts.

SECURITY FIRST BANK--A Banking Customer Simulation, Sargent & Ward, South-Western Publishing, G155 (for personal finance)

THE INSTITUTE OF FINANCIAL
EDUCATION
111 East Wacker Drive
Chicago, Illinois 60601-4680
Order: Catalog for books for financial services
Order: *TELLER OPERATIONS*, Product #87031, 9th ed., 1987, ISBN 0-912857-41-2 $19.95

U. S. SMALL BUSINESS ADMINISTRATION
P. O. Box 15434
Fort Worth, TX 76119
Order: The ABCs of Borrowing

REFERENCES

Compton, Eric N., *Principles of Banking*, Second Edition, 1983, American Bankers Association

Curriculum and Instructional Materials Center, *Banking and Savings and Loan*, 1980, Oklahoma State Board of Vocational and Technical Education

Everard, Kenneth E., Burrow, Jim, *Business Principles & Management*, Ninth Edition, South-Western Publishing Co., Cincinnati, Ohio

Fairbank, Roswell E., Schultheis, Robert A., *Applied Business Mathematics*, Eleventh Edition, South-Western Publishing Co., Cincinnati, Ohio

Green, D. Hayden, Ed.D., *Consumers in the Economy*, South-Western Publishing Co, Cincinnati, Ohio

Institute of Financial Education, *Savings Institution Operations*, Third Edition, 1985

Institute of Financial Education, *Teller Operations*, Eighth Edition, 1983

Ryan, Joan S., *Managing Your Personal Finances*, Second Edition, South-Western Publishing Co., Cincinnati, Ohio

United States League of Savings Institutions, *Savings Institutions Sourcebook*, 1988

Wyllie, Eugene D., Warmke, Roman F., *Free Enterprise in the United States*, South-Western Publishing Co., Cincinnati, Ohio

INTRODUCTION TO BUSINESS FINANCIAL APPLICATIONS

This section provides an introduction to the course Business Financial Applications. The section includes an overview of the purpose, objectives, and course contents. Additional subjects such as classroom organization, management, and safety precautions are also included.

This section does not address the essential elements developed for Business Financial Applications. It does address one common essential element on Safety.

SUGGESTED UNIT LESSON PLAN

INTRODUCTION TO BUSINESS FINANCIAL APPLICATIONS

INTRODUCTORY LESSON

ESSENTIAL ELEMENT: None

ALLOCATED TIME: 3/6 Hours

UNIT OBJECTIVE: Students will gain an understanding of the purpose, contents, and organization of the course Business Financial Applications.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Relate the purpose of Business Financial Applications to office education, business, and industry.
2. Recognize the role of the youth organization relative to Business Financial Applications.
3. Discuss course objectives, equipment, units, competencies, and evaluation measures.
4. Explain classroom organization, management, and evaluation measures.
5. Identify safety precautions.

FOCUS: Students will be provided the opportunity to develop and use both academic and vocational skills that will be useful whether taking advanced courses or making the transition from high school to the world of work.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Purpose of course

    A. Introduction to office eduction

        1. Purpose

        2. Benefits

        3. Youth organization

    B. Objectives of Business Financial Applications

    C. Relationship to business and industry

II. Overview of course

    A. Classroom equipment

    B. Units of instruction

    C. Competencies

    D. Evaluation measures

    E. Classroom organization and management

    F. Safety

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

The purpose of the "Introductory Lesson to Business Financial Applications" is to assist you with introducing the course to your students. The introduction is beneficial to both you and the students. It provides you the opportunity to present any policies, procedures, expectations, and other relative information which enhances classroom instruction and operations. It establishes a working environment for the students and presents an overview for the year's work.

It is suggested that you add other subject matter and instructional materials relative to your teaching assignment. Because of the purpose of this section, student activities and evaluation measures have not been included. Some of the teaching activities can be used to develop student activities. It is recommended that some method for assessing student learning be conducted.

1. Design a bulletin board showing the relationship of Business Financial Applications to office education. A suggestion might be: "Under the Umbrella of Office Education." List cluster courses and specific courses, highlighting Business Financial Applications.
2. Ask questions at the beginning of the course, such as:
   a. Why are you taking this course?
   b. What does the title, "Business Financial Applications," suggest to you?
   c. What do you think the course content covers?
   d. What is vocational education?
   e. What is office education?
3. Show and discuss transparency, "Benefits of Office Education."
4. Show and discuss transparency, "Learning through Business Financial Applications."
5. Ask students to write down likes and dislikes of office occupations. Invite someone who works in an office to respond. Inform the speaker in advance of the nature of the assignment. Securing a person with speaking abilities would enhance the image of office employees.
6. Post data on job market projections. Update periodically (throughout the year) with projections from different resources.
7. Invite a former office education student to discuss Business Professionals of America. Be sure to inform the speaker in advance what topic you want covered in the presentation. You may want to include a question and answer period.
8. Invite a current student who is/was a member of the youth organization from last year to discuss the organization and answer questions.
9. Review youth conferences with students. Competitive events guidelines could be distributed and discussed.
10. Develop an orientation presentation to the office machines and/or equipment in the classroom. Disseminate a listing of the equipment and machines including the name and the function of each.
11. Review and/or demonstrate the office machines and equipment with the class.

12. Develop, disseminate, and discuss handout covering classroom policies and procedures. Let students make suggestions for others.

13. Divide the class into groups. As a group assignment, ask students to add to the list of safety precautions. Discuss results.

14. Invite a guest speaker for safety from: fire department, police department, personnel director, or safety engineer.

15. Disseminate the terminology page. Review the list with the students. Ask that they add to the list any terms which they do not understand. Periodically review the lists with the students. One suggestion is that students identify the term and see if one of the class members knows the meaning.

16. Invite an office worker to speak to the class on the importance of job competency.

17. Show a film relative to one of the topics: work world, fire precautions, or others.

RESOURCES

BUSINESS PROFESSIONALS OF AMERICA
5454 Cleveland Avenue
Columbus, Ohio 43229

COMPANY PERSONNEL DIRECTORS

FORMER STUDENTS

MANUALS TO OFFICE MACHINES

NATIONAL SAFETY COUNCIL
425 North Michigan Avenue
Chicago, Illinois 60611

SCHOOL LIBRARY

SUPERINTENDENT OF DOCUMENTS
U.S. Government Printing Office
Washington, D.C. 20402

TEXAS EMPLOYMENT COMMISSION
Austin, TX 78778

TEXAS EMPLOYMENT COMMISSION
Local Agency

TEXAS STATE DEPARTMENT OF HEALTH
410 East 5th
Austin, TX 78701

U. S. Department of Labor
Dictionary of Occupational Titles
(Washington, D.C., U.S. Government Printing Office)

U. S. Department of Labor
Occupational Outlook Handbook
(Washington, D.C., U.S. Government Printing Office)

FILMS

TEXAS REGIONAL SERVICE CENTERS
(Write and ask for a listing of media.)

UNIVERSITY OF TEXAS AT AUSTIN
Instructional Media Center
University Station
Austin, Tx 78712

SECTION I

BANKING OPERATIONS

ESSENTIAL ELEMENT

75.87(K)--(1) (A) (B) (C)

(1) Concepts and skills related to banking operations.

The student shall be provided opportunities to:

(A) identify and understand checking accounts;

(B) understand fundamentals of teller operations; and

(C) understand the necessity of bookkeeping systems.

SUGGESTED UNIT LESSON PLAN

SECTION I: BANKING OPERATIONS

UNIT I: CHECKING ACCOUNTS

ESSENTIAL 75.87
ELEMENT: (k)(1)(A)

ALLOCATED
TIME: 5/10 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to identify and understand checking accounts.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with opening checking accounts.
2. Match the types of checking accounts to the descriptions of the accounts.
3. Distinguish between average or minimum balance checking service charge and regular or flat rate charges.
4. Arrange in order the procedure for assigning account numbers.
5. Match types of information on customer information card to the correct descriptions.
6. Arrange in order the procedure for completing a signature card.
7. Arrange in order the procedure for ordering personalized checks.
8. Arrange in order the procedure for issuing temporary checks and deposit slips.
9. Identify parts of a deposit slip.
10. Discuss in a paragraph the procedure for transferring funds from one account to another by telephone.
11. Match cross selling bank services to their correct descriptions.
12. Process thank-you letter to new customer.
13. Select public relations skills that should be used when working with customers opening checking accounts.

FOCUS: As an employee of a financial institution, the new accounts clerk opens checking accounts for customers. This is an opportunity for the student to familiarize him/herself with the procedures and various documents used.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Types of checking accounts

- A. Individual account
- B. Joint account
- C. Corporate account
- D. Business account

II. Types of service charges

- A. Average or minimum balance account
- B. Regular or flat rate account

III. Assigning account numbers

- A. Obtain checking account number list
- B. Assign account number
- C. Cross out account number used
- D. Log date account opened
- E. Initial number to show who opened account

IV. Information card

- A. Date
- B. Account number
- C. Type
- D. Name on account
- E. Individual/Joint
- F. Mailing address
- G. Residence
- H. Phone
- I. Previous address
- J. Business/Occupation
- K. Business address
- L. Name of person who knows your whereabouts
- M. Phone
- N. Other accounts with us
- O. Previous bank and address
- P. Credit reference
- Q. Driver license number
- R. Social security number/Tax identification number
- S. Replies to inquiries
- T. Special instructions
- U. Signature

V. Completing a signature card

- A. Type the name
- B. Type the checking account number

C. Type the date the card was signed by the customer(s)
D. Customer(s) sign signature card

VI. Ordering personalized checks

A. Display example book of checks
B. Provide information on quantity, style, and price of the checks
C. Inform customer of billing procedures for checks
D. Ask the customer to select a check cover at no charge
E. Type check order
F. Ask customer to check for correctness of information
G. Tell the customer when the checks will be mailed
H. Remind the customer to review checks for errors when received

VII. Issuing temporary checks and deposit slips

A. Issue a temporary check and deposit slip packet to the customer
B. Explain to the customer the purpose of the identification card
C. Explain to the customer that more temporary checks and deposit slips are available if needed

VIII. Information for a deposit slip

A. Name of depositor
B. Address of depositor
C. Account number of depositor
D. Deposit date
E. List of amount to be deposited separately showing cash and checks
F. Total of deposit
G. Customer's initials for acknowledgement for cash deducted
H. Net amount of deposit to be credited to account

IX. Procedure for transferring funds from one account to another by telephone

A. Ask for customer name as it is carried on the account
B. Ask for the complete address of the customer
C. Ask for the customer phone number
D. Ask for the customer account numbers
E. Ask for the amount to be transferred
F. Check to see if there are sufficient funds in the account
G. Type debit slip for customer's account from which money will be deducted
H. Type credit slip for account to which money will be added
I. Verify information by repeating information back to customer
J. Original copy of debit slip and credit slip to teller
K. Mail carbon copy of debit slip and credit slip to customer

X. Cross-selling bank services

A. Loans
B. Savings

    C. Traveler's checks
    D. Safe deposit box
    E. Trust services

XI. Public relations skills

    A. Meet the customers with a smile
    B. Ask customers if you may be of help
    C. Try to make customers feel welcome
    D. Provide brochures of bank policies and procedures
    E. Express thanks to the customers
    F. Remind customers to call at any time

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.

2. Use Overview number I and II as introductory lessons for Activity 1.

3. Prepare bulletin boards or posters that relate to the information areas covered for the classroom or school.
   Types of checking accounts.
   Types of service charge.
   Assigning account number.

4. Make sure the students are aware of the notations in each area. Hold a discussion in class concerning the importance of the "and/or" rule.

5. Visit a bank's new accounts department. Make arrangements for the bank to provide each student with brochures on the types of checking accounts and the types of service charge. Ask the new accounts clerk to go through the steps of the procedures for opening a checking account and assigning an account number.

6. Spend some time discussing the terminology.

7. If possible, obtain a film on financial institutions' procedures for opening checking accounts.

SUGGESTED UNIT LESSON PLAN

SECTION I: BANKING OPERATIONS

UNIT II: TELLER OPERATIONS

ESSENTIAL ELEMENT:	75.87 (k) (1) (B)	**ALLOCATED TIME:**	40/80 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to understand the fundamentals of teller operations.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with the fundamentals of teller operations.

MODULE 1:

2. List two expectations of the teller's role and the basic qualifications for success.
3. Name three areas of knowledge of the banking business a teller needs in order to perform well on the job.
4. List two categories of teller-related skills.
5. Determine appropriate actions for demonstrating a positive attitude when dealing with customers and interacting with co-workers.
6. Identify six broad categories of teller duties.

MODULE 2:

7. Identify features and types of currency.
8. Identify the denominations and portraits of currency.
9. List the denominations of coins.
10. List steps used to count currency and steps used to count coins.
11. Arrange in order the proper procedure for preparing currency to be strapped.
12. Arrange in order the proper procedure for preparing coins to be wrapped.
13. Distinguish between genuine and counterfeit currency by comparing features.
14. Discuss in a short paragraph the methods for handling worn and mutilated money.

15. Discuss in a short paragraph the purpose of bait money.
16. Recognize tendencies of short change schemes and identify preventions.
17. Identify procedures to follow in case of robbery.

MODULE 3:

18. Select from a list facts to remember about handling cash.
19. Arrange in order procedures for receiving currency and coins.
20. Arrange in order procedures for paying currency and coins.
21. Identify standard parts of checks.
22. Identify routine for inspecting checks.
23. List and describe types of endorsements most commonly used.
24. List descriptions of how checks should be endorsed.
25. Identify additional points to remember about endorsements.
26. List methods of customer identification.
27. Determine acceptable identification sources.
28. List five guidelines for handling unacceptable checks.
29. Arrange in order steps to take when opening teller windows.
30. Arrange in order steps to take when closing teller windows.
31. Describe procedures for balancing teller window.
32. Select from a list guidelines for locating teller differences.

FOCUS: As an employee of a financial institution, the teller performs the duties necessary to serve the customers who transact business with the financial institution and assist with clerical servicing necessary to maintain these accounts. This is an opportunity for the student to familiarize him/herself with the procedures.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

MODULE 1

I. The teller's role

   A. Expectations that influence your role as a teller
   B. Basic qualifications for success as a teller

II. Knowledge of the business

   A. Knowledge of products and services
   B. Knowledge of policies
   C. Knowledge of procedures

III. Teller-related skills

   A. Technical skills
   B. Human relations skills

IV. Positive attitude is vital to the teller role

   A. Attitudes that establish good customer relations
   B. Attitudes that establish positive relationships with co-workers

V. Teller duties

   A. Receiving and disbursing funds
   B. Recording transactions and balancing
   C. Performing other customer services
   D. Maintaining good customer relations
   E. Selling services
   F. Assisting in additional activities

MODULE 2

VI. Features and types of currency

   A. Features
   B. Types

VII. Paper money denominations and portraits

   A. Portraits and back designs
   B. Bills over $100

VIII. Coin denominations

   A. Coins currently authorized
   B. Listing of denominations

IX. Methods of counting currency and coins

- A. Paper money
- B. Coins

X. Procedures for preparing currency to be strapped

- A. Count out 100 bills to form a standard package
- B. Lay all bills flat facing same direction
- C. Select proper strap

XI. Procedure for preparing coins to be wrapped

- A. Count proper number of coins to fill a roll
- B. Open tube by pressing on sides at fold
- C. Slide coins into tube while holding tube open
- D. Center coins in tube by pushing on one or both ends
- E. Fold over both open ends to seal
- F. Tap both ends on counter to "pack"
- G. Teller stamp placed on each roll wrapped

XII. Genuine and counterfeit currency

- A. Portrait
- B. Seal
- C. Serial numbers
- D. Paper

XIII. Worn or mutilated currency

- A. Sort money as fit or unfit
- B. Identify unfit money
- C. Sell mutilated currency

XIV. Bait money

- A. Helps authorities to trace money that has been stolen
- B. Must look identical to all other packages
- C. Should change strap at least once a month

XV. Short change schemes

- A. A practice by criminals
- B. Tell-tale signs
- C. Prevention

XVI. Procedure to follow in the event of robbery

- A. Remain calm and follow instructions
- B. Use alarm as soon as it is safe to do so
- C. Include bait money with cash given to robber
- D. Give robber only what and as much as is demanded
- E. Keep any note given you unless ordered to return it

F. Observe and watch
G. As soon as robber leaves, write down description of assailant

MODULE 3

XVII. Facts to remember about handling cash

A. Never leave the window during cash transaction
B. Always lock cash drawer
C. Never mix denominations in single money compartment
D. Make sure all currency and coins
E. Do not talk while counting
F. Double check withdrawal slip
G. Always check arithmetic
H. Pay out change first
I. Count money received directly in front of customer

XVIII. Receiving currency and coins

A. Basic procedures for receiving currency and coins
B. Basic procedures for handling discrepancies
C. Completing transactions

XIX. Paying Currency and Coins

A. Disbursing currency and coins to customer
B. Basic procedures for paying currency and coins

XX. Parts of a check

A. Drawee institution
B. MICR number
C. Routing number that should match
D. Routing numerator
E. Perforated edge
F. Endorsement on reverse side of check
G. Date - on date line (top right)
H. Payee's name or "Cash" - on "Pay to the order of" line
I. Amount of check in figures
J. Maker's signature - bottom right
K. Write check number at top right
L. Write a note on purpose of check on "memo" line

XXI. Routine for inspecting checks

A. Check must bear a current date
B. Written and figure amounts must agree
C. Maker's signature must be on the check.
D. Name of the drawees bank must be on the check.
E. There must be no changes anywhere.
F. Check must be properly endorsed.
G. Compare Federal Reserve numbers

XXII. Types of endorsements most commonly used

- A. Blank endorsement--signature only on the back of the check
- B. Restrictive endorsement--an endorsement that limits the receiver of the check
- C. Special--specifies the person
- D. Conditional endorsement--a special endorsement

XXIII. Who must endorse a check

- A. Checks made payable to one party or two or more parties
- B. Checks made payable to two or more persons using "or" as a connector
- C. Checks made payable to a company
- D. Partnership endorsement
- E. Club or organization endorsements

XXIV. Additional points to remember about endorsements

- A. Endorser must sign name exactly as it appears.
- B. "X" endorsements
- C. Endorsers are liable.
- D. A check endorsed in "blank"
- E. Checks should be endorsed in the teller's presence.
- F. Detecting a forgery
- G. After the payee has endorsed the check
- H. If the teller neglects to get the endorsement on a check

XXV. Customer identification

- A. Personal knowledge of him/her as a customer
- B. Unknown customers - comparison of the endorsement
- C. Customers whose signature cards are unavailable

XXVI. Acceptable identification sources

- A. A valid Texas driver's license
- B. Out-of-state driver's license
- C. Temporary driver's licenses
- D. Texas Department of Public Safety
- E. Two local credit cards
- F. Two national major credit cards

XXVII. Guidelines for handling unacceptable checks

- A. Be courteous
- B. Be tactful
- C. Be friendly with explanation
- D. Use terminology the customer understands
- E. Show evidence of error
- F. Suggest method to correct error
- G. Politely tell customer

XXVIII. Opening teller window procedure

A. Spot-check currency
B. Determine if currency and coin are sufficient
C. Check teller stamps for current date
D. Make sure that necessary supplies are available
E. Arrange working materials

XXIX. Closing teller window procedure

A. Change date on teller stamps and lock them in drawer
B. Examine all areas of cage
C. Place coin tray in coin vault and lock
D. Carry all monies in currency tray to vault
E. Clock out in vault area

XXX. Procedure for balancing teller window

A. Count currency
B. Count coins
C. Determine closing cash
D. Record computer totals
E. Prove cash transactions
F. Prove debits equal credits
G. Complete blotter for cashier

XXXI. Guidelines for locating teller differences

A. Be sure all cash has been counted
B. Check adding machine tape for correct opening balance
C. Check any inter-teller transactions
D. Check tape for transaction in amount of difference
E. Check tickets for transaction in amount of difference
F. Check miscellaneous transactions such as traveler's checks or money orders
G. Check all fees charged for miscellaneous transactions
H. Recall any transaction or customer that was confusing
I. Locate any transaction
J. Check for transpositions of digits
K. Recheck addition on sheet
L. Check any notes or additions
M. Check area around drawer for fallen cash or coins
N. Review audit journal tape
O. Check with proof
P. Save all trash and check through waste paper

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with Student Competency page.
2. Provide students with Overview and Activity pages.
3. Discuss Terminology and Activities.
4. Develop appropriate learning activities for special needs students.
5. Invite resource person to speak on teller activities and suggestions for handling customer situations.
6. Develop some role-playing situations using various types of customer transactions with one student being the teller and another student being the customer. If possible, videotape the situations.
7. Invite a representative from the FBI to talk on counterfeiting, kidnapping, extortion, and robbery procedures.
8. Stage a mock robbery.
9. Make arrangements to let students practice counting currency and coins; secure play money.
10. Provide currency and coin-wrapping materials so that students can practice strapping and wrapping currency and coins.
11. Discuss terminology.
12. Use the terms and definitions to make a Banking Bingo game to help the students become familiar with the terms and definitions.
13. Make transparencies.
14. Make a teller window with large cardboard to use when role-playing situations.
15. Provide adding machines or calculators.

SUGGESTED UNIT LESSON PLAN

SECTION I: BANKING OPERATIONS

UNIT III: BOOKKEEPING SYSTEMS

ESSENTIAL 75.87
ELEMENT: (K) (1) (C)

ALLOCATED
TIME: 5/10 HOURS

UNIT OBJECTIVE: Students will demonstrate the ability to understand the necessity of bookkeeping systems.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Match terms associated with the bookkeeping department to the correct definitions and/or descriptions.
2. Discuss in a short paragraph the bookkeeping system.
3. List sources of bookkeeping work.
4. Identify basic bookkeeping functions.
5. Match types of checks to the correct descriptions.
6. Identify five visual tests applied to checks during the examination process.
7. Identify four non-visual tests applied to checks during the examination process.
8. Arrange in order the procedure for filing checks and deposits.
9. Discuss the procedure for sending out statements in a short paragraph.
10. Discuss the telephone procedure for transferring funds from one account to another in a short paragraph.
11. Identify encoded groups of numbers on the bottom of deposit slips and checks.

FOCUS: As an employee of a financial institution, the bookkeeping clerk performs the work of examining checks; posting checks, deposit slips, and other credits to accounts; and rendering statements. This is an opportunity for the student to familiarize him/herself with an introduction to the procedures.

DOMAINS:	Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matices.
BASIC SKILLS:	Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. The bookkeeping department
    A. Every instrument must be processed through the bank's bookkeeping department.
    B. Responsibilities

II. Sources of bookkeeping work
    A. Automated clearinghouses forward electronic posting material.
    B. Deposit slips originate with tellers.
    C. Debit and credit tickets are prepared by many departments.
    D. Checks

III. Basic bookkeeping functions
    A. Examine all work
    B. Post all debits and credits to the proper account
    C. Arrive at a new closing balance for each account
    D. Return those items that are dishonored
    E. Render statements to customers
    F. Generate internal reports for the information of various units within the bank
    G. Answer inquiries from outside sources as to the status of accounts

IV. Types of checks
    A. Altered check
    B. Bank draft
    C. Draft
    D. Cancelled check
    E. Cashier's check
    F. Certified check
    G. On-us check
    H. Outstanding check
    I. Postdated check
    J. Stale-dated check
    K. Traveler's check

V. Examining checks
    A. The nine validity tests
    B. The visual tests
    C. The non-visual tests

VI. Procedure for filing checks and deposits
    A. All checks and deposits are filmed before filing.
    B. Verify that the written, figure, and encoded amounts agree and that none are missing

C. See that the payee line is filled in with the words CASH or HOLDER or the name of a specific payee
D. Make sure that the encoded account number of the check or deposit matches the check file
E. Check the file guide for special instructions and cautions
F. See that check has been cancelled with a PAID stamp before it is filed
G. Put checks in the back of the file
H. Place deposit slips in the front of the file with the most recent one showing

VII. Procedures for rendering statements

A. The magnetic tape or discs that contain all relevant information on each account can be coupled with high-speed printers to produce complete statements at any time during the month .
B. Paid items are listed on the bank statement according to check number.
C. Printed statements are then mailed to the customer.

VIII. Procedure for transferring funds from one account to another by telephone

A. Ask for customer name as it is carried on account
B. Ask for complete address of customer
C. Ask for phone number of customer
D. Ask customer for account numbers
E. Ask for amount to be transferred
F. Check to see if there are sufficient funds in the account
G. Type debit slip using account number from which money is to be deducted, customer's name, and amount to be transferred
H. Type credit slip using account number to which money will be added, customer's name, and amount to be transferred
I. Verify the information by repeating it back to the customer
J. Take the original slips to a teller
K. Mail carbon copy to customer

IX. Encoded groups of numbers on the bottom of checks and deposit slips

A. Sorting and routing information found at the bottom left of the check
B. Account number is the middle field of numbers at the bottom of the check.
C. Check number (same as number on the top of the check) is the third set of numbers on the bottom of the check.
D. Amount number is the right-hand field of numbers found at the bottom of the check.

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.
2. Use Overview number I and II as indroductory lessons.
3. Prepare bulletin boards or posters that relate to the information areas covered for the classroom or school.

SECTION II

CREDIT ADMINISTRATION

ESSENTIAL ELEMENTS

75.87(k)--(2)(A)(B)

(2) Concepts and skills related to credit administration.

The student shall be provided opportunities to:

(A) understand methods of credit investigation; and

(B) understand concepts related to the use of credit analysis.

SUGGESTED UNIT LESSON PLAN

SECTION II: CREDIT ADMINISTRATION

UNIT I: CREDIT INVESTIGATION

ESSENTIAL 75.87
ELEMENT: (k)(2)(A)

ALLOCATED
TIME: 5/10 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to understand methods of credit investigation.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with credit investigation.
2. List the kinds of credit.
3. Select, from a list, credit application basic information for businesses and consumers.
4. List the sources of credit information.
5. Identify the categories of credit report information provided by credit bureaus.
6. Explain the Fair Credit Reporting Act in a short paragraph.
7. Identify procedures of the process of credit investigation.

FOCUS: As an employee of a financial institution, it is vital to be familiar with the credit procedures of the bank. Credit investigation is a procedure of gathering facts on which to make decisions of credit worthiness. This information will be very helpful to answer questions of customers when cross selling services.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Kinds of credit

  A. Government credit
  B. Business credit
  C. Consumer credit

II. Credit application basic information for business and consumer

  A. Business credit application
  B. Consumer credit application

III. Sources of credit information

  A. Applicant
  B. Credit agencies
  C. Bank credit files
  D. Other creditors referenced

IV. Credit report information provided by credit bureaus

  A. Identification
  B. Summary of information
  C. Public records and other information
  D. Inquiries
  E. Trade

V. Fair Credit Reporting Act

  A. Purpose
  B. Provisions

VI. Process of credit investigation

  A. Interview prospective borrower
  B. Complete loan application
  C. Obtain income statement from business applicants
  D. Obtain credit report
  E. Obtain credit ratings from both current and past creditors
  F. Check personal references
  G. Check bank credit files
  H. Contact business applicant's suppliers for credit reference

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.
2. Help the students divide into groups to visit the financial institutions. (See Activities 3 and 4)
3. Spend some time discussing the terminology.
4. Invite a representative from a credit bureau to talk to the class to explain the services of the credit bureau.

SUGGESTED UNIT LESSON PLAN

SECTION II: CREDIT ADMINISTRATION

UNIT II: CREDIT ANALYSIS

ESSENTIAL 75.87
ELEMENT: (k)(2)(B)

ALLOCATED
TIME: 3/6 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to understand concepts related to the use of credit analysis.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with credit analysis.
2. Describe the purpose of credit analysis.
3. Identify the credit qualification guidelines.
4. Name the six C's creditors use in credit analysis.
5. Explain the credit-scoring systems used in credit analysis in a short paragraph.
6. Discuss the Equal Credit Opportunity Act in a short paragraph.

FOCUS: Every employee of a financial institution must be familiar with the credit procedures of the bank. Credit analysis is a procedure for using the facts gathered in credit investigation to make decisions of credit worthiness. Understanding credit analysis is very helpful with cross-selling services.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Purpose of credit analysis

  A. To analyze borrower's application for credit

II. Credit qualification guidelines

  A. Borrower's financial status is sound
  B. Purpose of loan is legitimate and can be justified
  C. Specific source of repayment will materialize on time
  D. There are reasonable alternate sources of repayment

III. Six C's creditors use for credit analysis

  A. Character
  B. Capacity
  C. Capital
  D. Conditions
  E. Collateral
  F. Common sense

IV. Credit-scoring systems used in credit analysis

  A. Points are assigned to each of the six C's
  B. Factors are in the form of questions on credit applications
  C. Answers are assigned a specific number of points
  D. To receive credit, an applicant must earn a predetermined number of points

V. Equal Credit Opportunity Act

  A. Purpose
  B. Provisions the ECOA stipulates that creditors cannot do
  C. Provisions the ECOA stipulates that creditors must do

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.
2. Spend some time discussing the terminology.
3. Assist the students with class reports.

SECTION III

LOANS

ESSENTIAL ELEMENTS

75.87 (k)--(3)(A)(B)

Concepts and skills related to loans.

The student shall be provided opportunities to:

(A) identify types of loans and their purposes; and

(B) demonstrate and understand calculation of interest and payoff.

SUGGESTED UNIT LESSON PLAN

SECTION III: LOANS

UNIT I: TYPES AND PURPOSES OF LOANS

ESSENTIAL 75.87
ELEMENT: (k)(3)(A)

ALLOCATED
TIME: 5/10 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to identify types of loans and purposes.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with types and purposes of loans.
2. Match types of loans and purposes.
3. Identify the characteristics of loans most commonly used.
4. List the two basic categories of mortgage loans.
5. List loan department functions.
6. Select, from a list, loan servicing department activities to maintain loans.
7. Identify factors that influence loan interest rates.
8. Discuss the Truth in Lending Act in a short paragraph.

FOCUS: As an employee of a financial institution, it is vital to be familiar with the types of loans and their purposes. This unit serves as an introduction to the procedures of the loan department. The information will be helpful when cross-selling services.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Types of loans and purposes
    A. Commercial and industrial loans
    B. Real estate loans
    C. Consumer loans
    D. Participations and interbank loans
    E. Agricultural loans

II. Characteristics of loans most commonly used
    A. Commercial and industrial
    B. Real estate loans
    C. Consumer loans

III. Mortgage loans' two basic categories
    A. Conventional loans
    B. Government-assisted loans

IV. Loan department functions
    A. Origination
    B. Loan processing
    C. Loan servicing

V. Factors that influence loan interest rates
    A. Availability of money
    B. Perceived risks
    C. Time frame
    D. Prime rate
    E. Nature of collateral
    F. Size of loan
    G. Competition
    H. Overall customer relationship

VI. Truth in Lending Act
    A. Provisions protecting consumers who buy on credit
    B. Requires sellers to state credit costs
    C. Disclosures

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective sheet.
2. Instruct class to participate in a discussion on each part of the Overview.
3. Invite a panel of speakers representing banks, savings and loans, and/or credit unions to your class. In order that these people may be prepared, you might want to send them a copy of the questions they will be asked.
4. Make a bulletin board showing The Loan Process.
5. Make a plan to display posters about loans made by the students.

SUGGESTED UNIT LESSON PLAN

SECTION III: LOANS

UNIT II: INTEREST CALCULATION

ESSENTIAL ELEMENT: 75.87 (k)(3)(B)

ALLOCATED TIME: 5/10 Hours

UNIT OBJECTIVE: Students will demonstrate and understand interest and payoff.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with calculation of interest and payoff.
2. Explain the purpose of interest in a short paragraph.
3. Demonstrate method of computing simple interest on single payment loans.
4. Demonstrate method of computing simple interest for discounted notes.
5. Demonstrate method of computing add-on interest for installment loans.
6. Demonstrate method of computing loan payoff.

FOCUS: As an employee of a financial institution, one should be familiar with methods of calculating interest and payoff for loans. This information will be very helpful when answering customer questions.

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BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Purpose of interest

   A. Defined
   B. Examples of interest

II. Computing simple interest on single payment loans

   A. Simple interest is interest paid only on the principal.
   B. Formula for computing simple interest

III. Computing simple interest for discounted notes

   A. Interest is collected at the time the loan is granted
   B. Bank discount is collected by the bank by deducting the discount from the face of the note.

IV. Computing add-on interest for installment loans

   A. Interest is figured on the amount financed at an annual rate for the time the money is borrowed.
   B. Method of repayment

V. Methods of computing loan payoff

   A. Simple interest
   B. Add-on interest

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.
2. Spend some time discussing the terminology.
3. It is suggested that as an introductory lesson, you provide a math lesson on "percentage" to determine that the students have an understanding of percentage.
4. Keep in mind this book is intended to be used as a guide only. The activities provide sample problems for the unit. From a math book, supplement more of the same type problems with varied difficulty for the students to use.
5. Obtain an interest rate book for use when discussing the simple interest method for installment loans. Provide the students with a copy of a rate chart. Suggest that they practice finding the interest rate for simple problems that you propose.
6. The method for computing payoff for installment loans with simple interest is presented as an overview so that the students will be aware of the method. It is not meant for the students to compute the interest in this case.
7. There are many more ways that businesses charge interest for charge cards. You might use supplemental material to compare the ways the interest is charged.
8. Make a bulletin board display using large numbers to show the formulas for computing interest.

SECTION IV

LEGAL ASPECTS OF BANKING & OTHER FINANCIAL INSTITUTIONS

ESSENTIAL ELEMENTS

75.87(k)--(4)(A)(B)(C)

(4) Concepts and skills related to legal aspects of banking & other financial institutions.

The student shall be provided opportunities to:

(A) understand customer and consumer services;

(B) understand and explore savings and loan operations; and

(C) understand and explore credit union operations.

SUGGESTED UNIT LESSON PLAN

SECTION IV: LEGAL ASPECTS OF BANKING AND OTHER FINANCIAL INSTITUTIONS

UNIT I: CUSTOMER & CONSUMER SERVICES

ESSENTIAL ELEMENT: **75.87 (k) (4) (A) (B)**

ALLOCATED TIME: **10/20 Hours**

UNIT OBJECTIVE: Students will demonstrate the ability to understand customer and consumer services, and understand regulations of financial intermediaries.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with customer and consumer services and regulations of financial intermediaries.
2. List three factors determining the services a bank provides for customers.
3. Name three basic services essential for banking.
4. List six deposit function components.
5. Describe the characteristics of the payments function.
6. Describe and explain the importance of credit function.
7. List six traditional types of customer services.
8. List four of the federal agencies providing regulations for financial intermediaries and briefly discuss each.
9. Explain the manner in which a depositor's money is insured by the government in a bank and in a savings and loan association.

FOCUS: Knowing your institution's services is a part of product knowledge, which is an important qualification for success in your job. You can put product knowledge to practical use by helping to cross-sell your institution's services and answering questions for customers, which will improve your effectiveness on the job.

It is important that employees know and understand the major regulations that relate to financial institutions so they can help customers understand how the regulations affect institution services. Also important for employees is a knowledge of the laws or rules that guide, direct, or restrict their own work processes.

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BASIC SKILLS: Activities and competency tests have been designed to reinforce the basic skills of reading, writing, and/or mathematics. Activities and competency tests have been coded on the Activity and Competency Test Matrices.

CONTENT OUTLINE

I. Factors determining which services a bank provides for customers

A. Business philosophy of the institution
B. Benefits of service to institution and its customers
C. Competition

II. Basic services essential for banking

A. Deposit function
B. Payments function
C. Credit function

III. Deposit function components

A. Checking account
B. Savings account characteristics
C. Time deposit characteristics
D. Negotiable order of withdrawal accounts (NOW)
E. Money market deposit account
F. Super NOW account

IV. Payments function characteristics

A. Payments are made by check for convenience and safety.
B. Public accepts the validity of checks
C. Payment function convenience services

V. Credit function

A. Banks extend credit to meet the needs of the business, the consumer, and the government.
B. Extension of credit provides largest single source of bank income.
C. The credit function provides a basic and much-needed service to the community.
D. The credit function adds the proceeds of a loan to customers' accounts, thereby directly affecting the nation's money supply.

VI. Traditional types of customer services

A. Remote service units (RSUs)
B. Credit cards and debit cards
C. Money orders and traveler's checks
D. Payroll savings plan
E. Safe deposit services
F. Preauthorized payment system

VII. Four federal agencies providing regulations for financial intermediaries

A. Federal Reserve System
B. Federal Deposit Insurance Corporation (FDIC)
C. Federal Home Loan Bank Board (FHLBB)
D. Federal Savings and Loan Insurance Corporation (FSLIC)

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective page.

2. Spend some time discussing the terminology.

3. Organize a plan to help students collect brochures for services from banks, savings and loan associations, and credit unions.

4. After the students have had a chance to examine each brochure, put them on the bulletin board.

5. When examining the brochures, look for the amount shown as an asset for Federal Reserve Stock, if there is a financial statement of condition. Point out to the students that this is the share of ownership of the Federal Reserve Bank.

SUGGESTED UNIT LESSON PLAN

SECTION IV: LEGAL ASPECTS OF BANKING AND OTHER FINANCIAL INSTITUTIONS

UNIT II: SAVINGS AND LOAN OPERATIONS

ESSENTIAL ELEMENT: 75.87 (k) (5) (A)

ALLOCATED TIME: 3/6 Hours

UNIT OBJECTIVE: Students will demonstrate the ability to understand and explore savings and loan operations.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with savings and loan operations.
2. List three primary functions of savings associations.
3. Explain the regulatory framework of laws and regulations.
4. Describe the regulatory agencies for savings associations.
5. Describe the two kinds of ownership of savings associations.
6. List four components of savings and loan operations.

FOCUS: Knowing your institution's operations is another important qualification for success in your job. You can put product knowledge to practical use by helping to cross-sell your institution's services and answering questions for customers, which will improve your effectiveness on the job.

DOMAINS: Activities and competency tests have been designed to provide learning experiences utilizing the cognitive, psychomotor, or affective domains. Activities and competency tests are coded on the Activity and Competency Test Matrices.

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CONTENT OUTLINE

I. Primary functions of savings associations
   A. Provide a safe depository for savings
   B. Finance real estate loans
   C. Provide additional services that extend and promote the primary objectives.

II. Regulatory framework of laws and regulations
   A. Dual system of chartering and supervising
   B. Other laws and regulations

III. Regulatory agencies
   A. Federal agencies
   B. State agencies

IV. Ownership
   A. Savings institutions are either mutually owned or have stock ownership.
   B. Federally-charteres savings assocation

V. Savings and loan operations
   A. Deposit functions
   B. Lending function
   C. Competitive environment
   D. Operating policies and procedures

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
10. Reserve necessary media and equipment

Teacher Presentation

1. Present student objectives
2. Establish rapport with students
3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
6. Emphasize the value/importance of the unit or activity
7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective sheet.
2. Discuss each part of the Overview.
3. Direct the students while completing the activities.

SUGGESTED UNIT LESSON PLAN

SECTION IV: LEGAL ASPECTS OF BANKING AND OTHER FINANCIAL INSTITUTIONS

UNIT III: CREDIT UNION OPERATIONS

ESSENTIAL ELEMENT:	**75.87 (k) (5) (B)**	**ALLOCATED TIME :**	**3/6 Hours**

UNIT OBJECTIVE: Students will demonstrate the ability to understand and explore credit union operations.

STUDENT COMPETENCIES: After completing this unit, the student will be able to:

1. Identify terminology associated with credit union operations.
2. List the purposes of credit unions.
3. Identify characteristics of the organization of credit unions.
4. Identify benefits of credit unions.
5. List at least six typical services of credit unions.

FOCUS: By exploring the purpose, organization, benefits, and services of credit unions, you will be able to compare and discuss the differences in the credit unions and other financial institutions.

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CONTENT OUTLINE

I. Purpose of credit unions

  A. To serve a cooperative association of individuals having a common bond
  B. To promote thrift and provide credit to those who belong

II. Organization of credit unions

  A. Cooperative, not-for-profit financial institution who may only serve members
  B. Chartered by the state or federal government
  C. Owned and controlled by its members
  D. Federally chartered credit unions supervised by National Credit Union Administration (NCUA)
  E. State-chartered credit unions under state agency supervision

III. Benefits of credit unions

  A. Offer an attractive rate on savings
  B. Affordable loan rates
  C. Fewer costly fees
  D. Insurance of accounts to $100,000
  E. Member and relatives' membership

IV. Typical services of credit unions

  A. Financial services
  B. Special services

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
8. Prepare lesson plans from the unit lesson
9. Prepare additional instructional material
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Teacher Presentation

1. Present student objectives
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3. Review lesson objectives with students
4. Relate lesson to prior or future learning
5. When appropriate, encourage student interaction through questioning, discussions, or some other strategy
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7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Provide students with objective sheet.

2. Help the students obtain brochures from the credit unions.

3. As you discuss the overview with the students, point out things that compare or do not compare with banks and savings and loan associations.

CLOSURE FOR BUSINESS FINANCIAL APPLICATIONS

This section provides a closure to the course Business Financial Applications The section includes review of course objectives, sections, units, and student competencies. Suggestions for course and student evaluations are also included.

SUGGESTED UNIT LESSON PLAN

CLOSURE FOR BUSINESS FINANCIAL APPLICATIONS

ALLOCATED TIME: 3 Hours

UNIT OBJECTIVE: Students will be able to analyze, evaluate, and demonstrate proficiency in course content.

STUDENT COMPETENCIES: After completing this unit, the student should be able to:

1. Relate the objectives of the course Business Financial Applications to personal success and the office environment.
2. Analyze section and unit contents in relation to the course objectives.
3. Recognize levels of competency performance.
4. Assess the course in terms of objectives and content.
5. Complete a course examination with a score of 70% or better accuracy.

FOCUS: An important component of the learning process is closure. Closure may be considered as a review, a summation, or a conclusion. The student is led to see how the parts make up or contribute to the whole. A final question needs to be answered: "Has the course accomplished its primary objective?"

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CONTENT OUTLINE

I. Review of course objectives
II. Review of sections and units
  A. Checking accounts
  B. Teller operations
  C. Bookkeeping systems
  D. Credit investigation
  C. Credit analysis
  F. Types and purposes of loans
  G. Interest calculation
  H. Customer & consumer services
  I. Savings and loan operations
  J. Credit union operations
III. Analysis of student competencies
IV. Course evaluation
V. Examination

SUGGESTED TEACHER ACTIVITIES

General Teacher Preparation

1. Preview unit
2. Review unit objectives
3. Make instructional analysis
4. Assess student learning needs
5. Decide on lesson domain: cognitive, psychomotor, or affective domain
6. Select instructional materials based on instructional analysis and student learning needs
7. Select instructional strategies based on lesson content and student learning needs
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7. Allow time for closure of a lesson

Reteach Activities

1. Identify area(s) of weakness from results of evaluation
2. Select unit activities not previously used
3. Use additional resources and/or create materials based on student learning needs
4. Use a different teaching strategy in reteaching
5. Retest

Specific Teaching Suggestions

1. Design a bulletin board for Business Financial Applications. Suggestions are: WHAT I HAVE LEARNED FROM BFA; MY BEST FROM BFA; AFTER BFA, WHAT?
2. Review overhead transparencies included with Section I on course objectives.
3. Discuss with students the objectives of the course.
4. Divide students into groups. Assign to each group a section to be reviewed and presented to the class. The review might include: competencies, synopsis of units, and/or importance of units. Have the other students take notes.
5. Hand out the listing of competencies to the class. Have each student rate what he/she considers to be his/her level of performance for each competency.

   Suggested levels of performance might include: M (minimum), 1; F (fair), 2; A (average), 3; or M (mastery). The instructor will need to determine what criteria constitutes the levels. Collect these sheets and tally the information for each of the competencies. Use this information when planning for the next year. Make revisions in your teaching style, presentation, etc., for competencies that a majority of the students feel they have achieved only a minimal mastery.
6. Assign students review questions to develop for the examination. Provide the student with the procedures for keying in the questions. Make copies of each group's questions and answers for the remaining class members. Review these with the students. Inform the students that you will be adding some questions of your own. Provide the students with examples. Give an examination from these questions.
7. Give examples for the type of psychomotor skills you will be testing.
8. Assign time for students to review for their examination. Be sure they know the correct answers to the questions and/or activities.

8

APPENDIX A

REFERENCE ADDRESSES

LIST OF PUBLISHERS

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(213)546-4725

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(312)262-1600

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Vernon, CT 06066

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Chatsworth, CA 91311

Career Publishing Incorporated
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Redondo Beach, CA 90278
(213)318-2561

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Columbus, OH 43220

Computation
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Troy, MI 48099

Compu-Teach
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New Haven, CT 06511

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Waterloo, IA 50701
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(602)955-1404

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Sunnyvale, CA 94089

Curriculum Applications
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Arlington, MA 02174

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Dallas, TX 75201
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Decision Data, Inc.
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Eugene, OR 97440-2636

DesignWare
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Plano, TX 75075

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Palo Alto, CA 94306
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THE COMMODORE SOFTWARE ENCYCLOPEDIA
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Educational Department
487 Devon Park Drive
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Apple software only.

EDUCATORS HANDBOOK AND SOFTWARE DIRECTORY
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Contains 1,500 program descriptions in 12 major subject categories indexed by title, subject, grade level, and publisher. Also includes articles, a guide to obtaining funding and grants, a list of user groups, and more.

GAMCO MICROCOMPUTER SOFTWARE
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(915)267-6327 Free
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Comprehensive list of products available for the IBM-PC or IBM-PC compatible computers.

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Innovative application of teaching methodology, educational concepts, descriptions of new curricula and trends in business and office education subjects. Free to business teachers.

BUSINESS HORIZONS
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Devoted to research articles dealing with theory, practice, and research in business education.

JOURNAL OF BUSINESS EDUCATION
Heldref Publications
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VOCED
formerly, AMERICAN VOCATIONAL JOURNAL
2020 N. 14th Street
Arlington, VA 22201

The journal of the American Vocational Association published for teachers, administrators, counselors, and laypersons involved in the task of preparing people for work. The journal gives a balanced view of both the theoretical and practical aspects of vocational education.

OTHER BUSINESS PUBLICATIONS

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MODERN OFFICE PROCEDURES MAGAZINES
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THE OFFICE
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APPENDIX B

ACKNOWLEDGEMENT

The module 7 Overview of the Vocational Special Needs Teachers Training Curriculum has been reprinted with permission as this appendix. Teachers are encouraged to refer to the original publication to learn more about working with special needs populations. The character font size and line spacing have been changed in this appendix to save space.

The project was developed in 1987 by Craig R. Colby, Ed.D. of Texas A&M University. Linda H. Parrish, Ph.D., Texas A&M University, and Jerry L. Wircenski, Ph.D., North Texas State University, were the project directors.

The vocational special needs teacher training curriculum was developed pursuant to a contract with the Texas Education Agency's Vocational Education Special Projects. Contractors or grantees undertaking such projects under Agency sponsorship are encouraged to freely express their professional judgement in the conduct of the project. Points of view or opinions stated do not, therefore, necessarily represent official Texas Education Agency position or policy.

This information is presented as an appendix to help Office Education teachers with planning the modification of instruction for special populations. Many of the concepts and ideas presented are sound practices to be used with normal populations.

The entire 10 module training curriculum is available through the Extension, Instruction and Materials Center, University of Texas at Austin, P.O. Box 7218, Austin, Texas 78713-7218.

Some of the text has been modified or omitted to make it more relative to office education.

CURRICULUM MODIFICATION

The term "vocational curriculum" can be defined as the organized content of a particular discipline which a student must master to attain an occupational goal. It involves the sum total of all experiences and learning activities encountered in the classroom. A curriculum is concerned with results. It encompasses "what is to be taught" and "what is to be learned" (Stern-Otazo, 1980; Goh & Sitlington, 1983).

Each student has a mental capacity, physical skills, and various needs which vary from one individual to the other. In addition, students exhibit different learning styles. All good teachers recognize this and will work toward developing a classroom environment which is characterized by a deep respect for the learner, acceptance of student, fulfillment of individual needs, and individual development. This is what is meant by the teacher who has become "learner-centered" and not "content-centered" (Pine & Boy, 1977). Jones (1977) eloquently describes recognizing individual worth and individual development as being the basis for curriculum development as follows:

Individual development as a basis for curriculum perspective would lead us to teach discovery of principles and sacredness of the individual personality. It would teach the learners to view themselves as self-actualizing individuals in a setting designed to support and encourage personal development to the ultimate of one's potential. Attempts to improve the local community would center around providing a richer and fuller life for personal growth and development. Good people make good communities, good states, good nations, and good world. By emphasizing development of individuals, such a curriculum would hope to plant the seed for a better world in the future.

Therefore, all learners should be perceived as a very "special" individuals who one day will take their place in society. It is the responsibility of educators to assist **all** learners (in spite of their shortcomings) to become productive members of society. This can be accomplished by helping each student establish attainable career goals and then providing meaningful experiences through which the student can achieve these goals. Every student should be treated with dignity, as an individual who has unique strengths and interests in life. It is not necessary or even realistic to expect every student to do and know all the same things. As stated by Jones (1977), "Learners should become worthwhile persons in their own right,...it is not necessary that they all become miniature images of the same pattern."

Purpose of Curriculum Modification

When working with students with special needs, a learner's curriculum may need to be modified or adjusted to take into account major differences which could be found among these individuals. The term "curriculum modification" can be defined as tailoring an existing curriculum to the unique needs of students as they pursue an occupational goal (Sarkees & Scott, 1985; Goh & Sitlington, 1983). However, it should be strongly emphasized that modifying a curriculum does not mean that an educator should lower or alter the standards of his or her program. What it does mean is that the Admission Review and Dismissal (ARD) Committee (for handicapped students) or coordinated planning team (for disadvantaged and LEP students) determines which essential elements in the regular school curriculum would be appropriate for a student's needs. The State Board Of Education Rules For Curriculum offers the following key points (Texas Education Agency, 1985):

1. For students with special needs, school districts shall provide modifications in methodologies, pacing, and materials to ensure that instruction is delivered, as appropriate, in the essential elements.

2. Students with special needs shall be instructed in those same essential elements in a manner appropriate to their needs.

3. School districts shall implement the provisions (under Chapter 75) in a manner which will enable all students to participate actively in a well-balanced curriculum and master, to the best of their abilities, the knowledge, skills, and competencies established through the essential elements.

4. Specialized personnel and regular program personnel shall be jointly responsible for the cooperative delivery of effective instruction in the essential elements, as appropriate.

It is important to re-emphasize that special needs students, as all students, have capabilities which widely vary. The challenge parents, educators, and vocational counselors face is to help each learner reach occupational goals which are within the student's potential.

The Curriculum Modification Process

For the purpose of this overview, the competency-based curriculum modification model has been selected for discussion.

For information regarding the steps involved in the modification process including the establishment of an ARD committee and developing the IEP plans, refer to the 1989 TEA publication, Office Education Handbook.

The Competency-Based Curriculum

Over the years, the concept of competency-based curriculum has increased in popularity largely due to the emphasis on accountability in education (Choate, et al., 1987). In addition, since the passage of P.L. 94-142, vocational educators have had to adjust their curricula to take into account the capabilities of special needs learners.

The underlaying principle behind the competency-based curriculum is to assist the student in becoming a more effective person. This entails helping the student develop skills or competencies which will promote employment opportunities and a higher self-esteem within the student (Brolin, 1976; Lippmann & Porter, 1976). The ability to succeed is what makes competency-based learning so valuable for students with special needs (Kok, 1978). With competency-based learning a student does not have to wait until the end of the program to experience success. The sequential steps called for throughout the program afford the possibility of success on a day-to-day basis (Lippmann & Porter, 1976).

The concept of competency-based learning is relatively simple. Based upon the learner's assessment information, the educator establishes specific goals (competencies) which will help the student "function adequately as a consumer, a producer, a learner, and a citizen" (Parnell, 1973). For example, in an office education class, the student's occupational program goals or competencies may include one or more of the following: (a) keyboarding, (b) calculating percentages, (c) proofreading documents, (d) composing correspondence, or (e) filing correspondence. Next, the educator develops objectives and an individualized instructional plan for the student to follow. This individualized instructional plan includes: (a) an objective, (b) an introduction, (c) a learning activity, (d) a test/checklist, and (e) answers/feedbacks.

Therefore, in competency-based learning it is not necessary or even realistic for the instructor to expose every learner to all the aspects of a vocational program. Competency-based learning focuses on the quality of learning rather than the quantity of learning such that the student who has limited skills could still find employment (Kok, 1978).

Responsibilities of the Vocational Educator

The primary responsibility of the vocational educator in the curriculum modification process is to help the special needs student establish and reach realistic occupational goals. In an effort to accomplish this, the vocational educator must identify the following (Sarkees & Scott, 1985):

1. Pertinent information about what will be taught in a vocational program.

2. Necessary requirements for program completion.

3. Multiple exit points (jobs that the learner can prepare for in a vocational program).

4. Entry level competencies expected by employers for each of the exit points.

It is also the responsibility of every vocational educator to establish an effective and wholesome learning environment for their students. Providing this environment may involve modifying the vocational facility, equipment, tools and/or instruction. This information will be provided in the following section.

MODIFICATION OF THE LEARNING ENVIRONMENT

The term "learning environment" refers to both the physical and instructional setting of the vocational classroom/laboratory (Bell, 1984). It is the responsibility of each vocational educator to work at developing a learning environment which will contribute to the overall well-being and success of every student. The key factors found in a wholesome learning environment are those which promote:

1. **Safety, organization, and physical comfort.** In the vocational laboratory, it is absolutely crucial that each student abide by safety rules set by the instructor. In addition, the laboratory should be kept well organized and clean. A laboratory which is safe, well organized, and physically comfortable helps promote high morale and good work habits.

2. **Respect and acceptance**. Within an effective learning environment, students will show respect not only for the instructor but for each other as well. The instructor should be the student's best role model. The care and acceptance given by the instructor to each student (disabled or non-disabled) will go a long way in promoting peer acceptance, a positive attitude, and healthy self-esteem.

3. **Discipline.** A wholesome learning environment is one which promotes discipline and a positive self-concept within each student. Inappropriate behavior has the potential to seriously affect classroom safety, morale, and the overall learning process. Ways in which

the instructor can help the student modify inappropriate behavior include: (a) utilizing the time-out technique, (b) developing student-teacher contracts, (c) ignoring negative behavior--whenever possible, and (d) rewarding appropriate behavior with approval and praise.

4. **Flexibility**. An effective learning environment is flexible and can adapt to a special student's unique needs (i.e., slower rate of learning, inability to access regular tools/equipment, or remedial needs in reading or math for instance). A flexible environment fosters individualized programs through which a special learner can develop marketable skills for employment.

Modifying Facilities, Equipment, and Tools

In the past, many special needs learners have been denied their basic right to a public education because of architectural barriers, nonadaptive facilities, equipment, and tools (Phelps & Lutz, 1977). However, federal legislation has done a great deal to provide equal access to educational programs for every learner. For example, according to Section 503 of the Rehabilitation Act of 1973, each federally funded program or activity in which a handicapped individual can enroll and profit must be made accessible to the student (Sarkees & Scott, 1985). In addition, the Carl Perkins Act of 1984 has emphasized the importance of providing supplemental services for special needs learners, which include the adaptation of facilities, equipment, curriculum, and instruction (Cobb & Kingburgy, 1985).

MODIFICATION OF INSTRUCTION

The primary purpose of this section is to provide the vocational educator with teaching strategies and techniques that will be useful when instructing students with special needs. It is important to remember that the methods and approaches used by educators when instructing non-special needs students may not be very effective with students with special needs (Gleiss-Monar & Sitlington, 1983). Therefore, individualizing instruction becomes vitally important in the successful instruction of special learners.

Within this section, the following topics will be discussed: (a) learning styles, (b) teaching strategies, (c) remediation techniques, and (d) Brown's 3-Cs Instructional Mode.

Learning Styles

Each special learner has unique needs and these needs affect how the student can best learn. For example, if a student is blind or has difficulty with "visual" learning, the instructor should stress the learner's sense of sight. Therefore, the manner in which a student with special needs learns ceases to be a preference, but becomes instead a necessity (Kok, Jernigan, & Hull, 1978). Further, one of the main philosophies behind individual learning styles is that learning should be a pleasant and successful experience. Educators, therefore, should adjust their style of teaching to allow students the benefit of learning in their preferred manner (Kok, Jernigan, & Hull, 1978).

Identifying a student's learning style

The following are methods in which an educator can identify a student's learning style:

1. **Informal observation.** One of the simplest and possibly best ways to identify a student's learning style is through informal observation. By observing the student as he or she negotiates classroom/laboratory learning activities, the educator can collect valuable information with regard to the student's learning style. For example, the educator may observe that a disadvantaged student answers questions in class and does well with hands-on activities but repeatedly fails written exams. If the primary intent of the instruction is to reach vocational skills rather than reading and writing skills, the instructor could modify their style of teaching by allowing the student to take oral and/or hands-on exams (Kok, Jernigan, & Hull, 1978: Sarkees & Scott, 1985).

2. **Teacher consultation.** Consulting other teachers (i.e., special education teachers, resource room teachers, support personnel, paraprofessionals, and other vocational education teachers) can be an excellent source for information regarding a student's learning style (Sarkees & Scott, 1985).

3. **Student/parent interviews.** Interviewing the student and student's parents/guardians can result in valuable insights as to the student's best learning modes (Sarkees & Scott, 1985)

4. **Standardized inventories.** Standardized inventories provide an alternative for students who are shy or uncomfortable during a personal interview. Information received from interest, personality, and learning style inventories can provide valuable information with regard to the student's learning style (Kok, Jernigan, & Hull, 1978; Sarkees & Scott, 1985).

DETERMINING LEARNING STYLES

For many years educators have recognized the need for alternative instructional methods and techniques to meet the needs of the variety of students in our heterogeneously grouped classrooms. We have become familiar with a variety of methods and techniques, but, in many cases, their misapplication has proven unproductive. Recognizing and defining the style in which a person learns is as important to the learning process as the diagnostic tests required by a medical doctor are to the healing process. Many teachers share the frustration of knowing that we are failing to meet the needs of some of the students in our classrooms. One reason could be the lack of understanding and accommodating the unique learning styles of our students--particularly those we are not reaching.

The CITE Learning Styles Instrument was formulated by teachers for the use of teachers in determining the styles preferred by their students. The Learning Styles Instrument is divided into three main areas: information gathering/receiving, social work conditions, and expressiveness preference. The Instrument is simple to administer, score, interpret and utilize in accommodating individual differences. It also is an instrument that offers immediate data, as well as accompanying information with suggestions for appropriate implementation. There are provisions being made for scoring, charting, and interpreting by the computer.

If we are to allow for individual differences, we must consider ways of learning, working, and reporting as three (3) important areas. In the area of learning, the CITE Learning Styles Instrument investigates five (5) specific sub-topics. They are:

1. Auditory Language: the way a student hears words; processing spoken words.
2. Visual Language: the way a student sees words; processing written language.
3. Auditory Numerical: the way a student hears numbers; processing spoken numerical values.
4. Visual Numerical: the way a student sees numbers; processing written numerical values.
5. Auditory-Visual-Kinesthetic: the way a student learns by doing or involvement. Emphasizing the experiencing or manipulative learning style which is almost always accompanied by either auditory stimuli, visual stimuli, or a combination of both. The area of working considers whether a student likes to work, or learn, in a group or alone. They are appropriately titled as follows:

1. Group learner: A student who likes to work with at least one other person when there is important work to be done.
2. Individual learner: A student who works and thinks best alone. This student is usually a self-starter and frequently finds working with other students distracting.

The area of individual expressiveness considers how a student prefers to express himself. Basically, they fall into one of these two broad categories:

1. Oral expressive: A student who prefers to say what he knows. Usually, answers or explanations are better given orally; however, some students may indicate this preference simply because they are too lazy to write things down.

2. Written expressive: A student who prefers to write down answers or explanations. Students who exhibit a reflective cognitive learning style may prefer this method.

The administration of the CITE Learning Styles Instrument is simple and can be done in a classroom with 30 or 35 students in less than 20 minutes. Students need only to have a pencil and a copy of the CITE Learning Styles Instrument. Directions should make very clear that the statements are not questions with right or wrong answers. They are just statements and the responses should represent the way the student feels. Emphasize that no grades are given, and, if they are to score it themselves, they will do the actual scoring and charting results. Explain how they are to mark the answers and do the Learning Styles example from the front page of the Instrument. Emphasize that they must make only one choice for each statement, but that they must respond to every statement. Usually their first choice is the best. Explain that as they read each statement, you will read it aloud. This is to accommodate those who prefer auditory to visual stimuli or for non-readers, and allow approximately 12 seconds to read and respond to each statement.

Encourage and allow questions from the students if they do not understand. Special solicitations for questions should be extended before the Learning Styles example is done, after it is done, before the first statement from the Instrument is read, after the third statement is read, after the last statement is read, and any other time when the need is apparent. After the Instrument is completed, it is necessary to check for one response to every statement. The students should be asked to put their names on each page of the Instrument; and, if the students are to score their own, the scoring procedure will begin.

The process of scoring the CITE Learning Styles Instrument using the computer is still being worked out. If you are a teacher in the Unified School District 259, computer scoring should be available during the fall of the 1975-76 school year. Presently, the simplest, and perhaps the most meaningful, method of scoring is to allow the student to score their own. Preparing students for this entails writing the names of the nine (9) construct areas the Instrument covers on the chalkboard or overhead projector and reading these names. The procedures listed here have been tried successfully in other classrooms and are easy to follow. Each student should be given pages headed "Learning Styles Worksheet," and "Learning Style Chart." The procedure for completing the worksheet follows:

1. The numbers listed under each of the nine (9) construct areas designate the statements on the Instrument which measure that particular style. For example, statements 5, 13, 21, 29, 37 all measure the visual language style of learning.

2. To determine the score for each style, do the following:

   a. Look up the response given for each statement and write it in the right-hand column.

   b. Total the numbers.

   c. Multiply the sum of the numbers by two (2).

This is the score:

Example:
Visual Language
5 - 3
13 - 4
21 - 4
29 - 3
37 - 4

Suppose these are the
responses given on the
Learning Style Instrument

TOTAL 18 X 2 = 36

3. Figure the score for each of the nine (9) areas. If the score is 33 thru 40, the style is considered to be a major learning style for the student. From 20 thru 32 is a minor learning style for the student, and below 20 indicates the student uses this style to a negligible extent.

After computing each score, the students graph the results on the page headed "Learning Style Chart." The completed sample of the "Learning Style Chart" is on the following page.

Style usage may be defined as:

1. Major: The student prefers this mode of learning, feels comfortable with it, and uses it for important (to the student) learning. A student does not necessarily have one and only one preferred style.

2. Minor: The student uses this mode but usually as a second choice or in conjunction with other learning styles.

3. Negligible: The student prefers not to use this if other choices are available.

The following are descriptions of learning styles which can be found in every learner to a major, minor, or negligible extent. These descriptions will help you evaluate a student's learning style on the basis of observation. The CITE Learning Styles Instrument is a tool which facilitates the evaluation of these learning styles. Each of the nine (9) style areas of the CITE Instrument are described here as if the student were a major in that particular style.

1. Auditory Language: This is the student who learns from hearing words spoken. You may hear him vocalizing or see his lips or throat moving as he reads, particularly when he is striving to understand new material. He will be more capable of understanding and remembering words or facts that he could only have learned by hearing.

2. Visual Language: This is the student who learns well from seeing words in books, on the chalkboard, charts, or workbooks. He may even write words down that are given to him orally, in order to learn by seeing them on paper. He remembers and uses information better if he has read it.

3. Auditory Numerical: This student learns from hearing numbers and oral explanations. He may remember phone and locker numbers with ease, and be successful with oral numbers, games, and puzzles. He may do just about as well without his math book, for written materials are not as important. He can probably work problems in his head. You may hear him saying numbers to himself or see his lips moving as he reads a problem.

4. Visual Numerical: This student has to see numbers on the board, in a book, or on a paper, in order to work with them. He is more likely to remember and understand math facts if he has seen them. He doesn't seem to need as much oral explanation.

5. Auditory-Visual-Kinesthetic Combination: The A-V-K student learns best by experience--doing, self-involvement. He definitely needs a combination of stimuli. The manipulation of material along with the accompanying sight and sounds (words and numbers seen and spoken) will make a big difference to him. He may not seem to be able to understand, or be able to keep his mind on work unless he is totally involved. He seeks to handle, touch, and work with what he is learning. Sometimes just writing or a symbolic wiggling of the fingers is a symptom of the A-V-K learner.

6. Individual Learner: This student gets more work done alone. He thinks best, and remembers more, when he has learned by himself. He cares more for his own opinions than for the ideas of others. You will not have much trouble keeping this student from over-socializing during class.

7. Group Learner: This student strives to study with at least one other student, and he will not get as much done alone. He values other's opinions and preferences. Group interaction increases his learning and later recognition of facts. Class observation will quickly reveal how important socializing is to him.

8. Oral Expressive: This student can easily tell you what he knows. He talks fluently, comfortably and seems to be able to say what he means. You may find he knows more than his tests show, after talking to him about his work. He is probably not shy about giving reports or talking to the teacher or classmates. The muscular coordination involved in writing may be difficult for him. Organizing and putting thoughts on paper may be a too slow and tedious task for this student.

9. Written Expressive: This student can write fluent essays and good answers on tests to show what he knows. He feels less comfortable, perhaps even stupid, when he has to give oral answers. His thoughts are better organized on paper than when they are given orally.

The CITE Learning Styles Instrument is an attempt to help teachers become more familiar with their student's preference for learning and to make teachers more aware of the need to accommodate the variety of preferences exhibited by any class of students. Should this instrument show no significant data on a student, or should the teacher feel the data is not accurate, then further investigation should be made. Private talks between the teacher and student should follow. The student should be given choices of a variety of ways of learning and these choices noted on the student's records and compared with his Learning Style Chart. Personal observation by the teacher is also a helpful way of determining the student's learning style. If adequate diagnostic or counseling service is available, the use of these services will help in determining learning style. Each of these other methods mentioned requires a great deal of time, effort, expertise, and one-to-one work. Sometimes the classroom teacher runs short on one or more of these. That is where the CITE Learning Styles Instrument is meant to help.

LEARNING STYLE

INSTRUCTIONS: Place all answers on the answer sheet. Circle the number which agrees with how you feel about the statement. A 4 indicates you agree that the statement is most like you and a 1 indicates that the statement is least like you.

1. When I make things for my studies, I remember what I have learned better.
2. Written assignments are easy for me to do.
3. I learn better if someone read a book to me than if I read silently to myself.
4. I learn best when I study alone.
5. Having assignment directions written on the board makes them easier to understand.
6. It's harder for me to do a written assignment than an oral one.
7. When I do math problems in my head, I say the numbers to myself.
8. If I need help in the subject, I will ask a classmate for help.
9. I understand a math problem that is written down better than one I hear.
10. I don't mind doing written assignments.
11. I remember things I hear better than I read.
12. I remember more of what I learn if I learn it when I am alone.
13. I would rather read a story than listen to it read.
14. If feel like I talk smarter than I write.
15. If someone tells me three numbers to add I can usually get the right answer without writing them down.
16. I like to work in a group because I learn from the others in my group.
17. Written math problems are easier for me to do than oral ones.
18. Writing a spelling word several times helps me remember it better.
19. I find it easier to remember what I have heard than what I have read.
20. It is more fun to learn with classmates at first, but it is hard to study with them.
21. I like written directions better than spoken ones.

22. If homework were oral, I would do it all.

23. When I hear a phone number, I can remember it without writing it down.

24. I get more work done when I work with someone.

25. Seeing a number makes more sense to me than hearing a number.

26. I like to do things like simple repairs or crafts with my hands.

27. The things I write on paper sound better than when I say them.

28. I study best when no one is around to talk or listen to.

29. I would rather read things in a book than have the teacher tell me about them.

30. Speaking is a better way than writing if you want someone to understand what you really mean.

31. When I have a written math problem to do, I say it to myself to understand it better.

32. I can learn more about a subject if I am with a small group of students.

33. Seeing the price of something written down is easier for me to understand than having someone tell me the price.

34. I like to make things with my hands.

35. I like tests that call for sentence completion or written answers.

36. I understand more from a class discussion, than from reading about a subject.

37. Spelling and grammar rules make it hard for me to say what I want to in writing.

38. It makes it easier when I say the numbers of a problem to myself as I work it out.

39. I like to study with other people.

40. When the teachers says a number, I really don't understand it until I see it written down.

41. I understand what I have learned better when I am involved in making something for the subject.

42. Sometimes I say dumb things, but writing gives me time to correct myself.

43. I do well on tests if they are about things I hear in class.

44. I can't think as well when I work with someone else as when I work alone.

LEARNING STYLES ANSWER SHEET

NAME: **DATE:** **GRADE**

Circle the number which agrees with how you feel about the statement. A 4 indicates you agree that the statement is most like you and a 1 indicates that the statement is least like you.

	LEAST LIKE ME			**MOST LIKE ME**
1.	1	2	3	4
2.	1	2	3	4
3.	1	2	3	4
4.	1	2	3	4
5.	1	2	3	4
6.	1	2	3	4
7.	1	2	3	4
8.	1	2	3	4
9.	1	2	3	4
10.	1	2	3	4
11.	1	2	3	4
12.	1	2	3	4
13.	1	2	3	4
14.	1	2	3	4
15.	1	2	3	4
16.	1	2	3	4
17.	1	2	3	4
18.	1	2	3	4
19.	1	2	3	4
20.	1	2	3	4

21.	1	2	3	4
22.	1	2	3	4
23.	1	2	3	4
24.	1	2	3	4
25.	1	2	3	4
26.	1	2	3	4
27.	1	2	3	4
28.	1	2	3	4
29.	1	2	3	4
30.	1	2	3	4
31.	1	2	3	4
32.	1	2	3	4
33.	1	2	3	4
34.	1	2	3	4
35.	1	2	3	4
36.	1	2	3	4
37.	1	2	3	4
38.	1	2	3	4
39.	1	2	3	4
40.	1	2	3	4
41.	1	2	3	4
42.	1	2	3	4
43.	1	2	3	4
44.	1	2	3	4

LEARNING STYLES WORKSHEET

VISUAL LANGUAGE

5 ____

13 ____

21 ____

29 ____

37 ____

Total ____ x 2 = ____ (Score)

AUDITORY NUMERICAL

7 ____

15 ____

23 ____

31 ____

39 ____

Total ____ x 2 = ____ (Score)

VISUAL NUMERICAL

9 ____

17 ____

25 ____

33 ____

41 ____

Total ____ x 2 = ____ (Score)

KINESTHETIC-TACTILE

1 ____

18 ____

26 ____

34 ____

42 ____

Total ____ x 2 = ____ (Score)

AUDITORY LANGUAGE

3 ____

11 ____

19 ____

36 ____

44 ____

Total ____ x 2 = ____ (Score)

SOCIAL INDIVIDUAL

4 ____

12 ____

20 ____

28 ____

45 ____

Total ____ x 2 = ____ (Score)

SOCIAL GROUP

8 _____

16 _____

24 _____

32 _____

40 _____

Total _____ x 2 = _____ (Score)

EXPRESSIVE-ORAL

6 _____

14 _____

22 _____

30 _____

38 _____

Total _____ x 2 = _____ (Score)

EXPRESSIVE-WRITTEN

2 _____

10 _____

27 _____

35 _____

43 _____

Total _____ x 2 = _____ (Score)

33-40 Major Learning Style ____________________

20-32 Minor Learning Style ____________________

20 Negligible ______________________________

Teaching Strategies

Once the student's vocational goals, learning capability, and preferred learning style have been identified, the educator can begin to experiment with a variety of teaching techniques and instructional materials. When determining the teaching technique and instructional material best suited to meet a student's unique needs, it is important for the educator to be patient, open-minded, and flexible. Not every instructional technique and/or material can be used successfully with each learner (Sarkees & Scott, 1985). In addition, the educator should not hesitate to enlist the support of other instructors, school counselors, student aides, paraprofessionals, volunteers from the community, itinerant teachers, and/or interpreters. This pooling of efforts can result in increased student learning because of the variety of approaches and personal attention which can be brought to the classroom or laboratory (Harrington & Fardig, 1982).

The following are general guidelines and instructional techniques which an educator can use to help meet a special needs learner's unique needs and learning style:

1. **Orientation**. Students with special needs may need additional orientation with regard to: (a) the relevancy of their individualized goals, (b) class procedures, (c) safety, etc.

2. **Flexible pacing**. Students with special needs can exhibit different rates of learning. The educator should provide flexibility in pacing of instruction and assignments to meet the various needs of learners. In general, students with special needs should be individually paced to maintain their progress and interest, yet avoid the frustrations and failure undue pressure may cause (Harrington & Fardig, 1982; Sarkees & Scott, 1985).

3. **Demonstration.** Utilization of the demonstration method can be very effective in introducing a new skill to a learner with special needs.

4. **Breaking material into small distinct steps**. As a general rule, it is important for the educator to break a learning concept into small distinct steps. In this way, the educator can best identify where the student is experiencing difficulty.

5. **Positive environment and feedback**. In general, students with special needs lack confidence and a positive self-concept. This is primarily due to their not having had much success in life. In addition, the few successes special learners do have usually result in little, if any, positive reinforcement (i.e., praise, reward, and/or encouragement). Therefore, it is incumbent upon educators to create a positive, nonthreatening learning-environment for their students and to make generous use of positive feedback when the student experiences success. Constructive criticism should not be avoided; however, it should be given in a positive manner (i.e, students should understand that their behavior or product is what's being criticized and not their worth as a human being). Finally, all students must learn that mistakes and constructive criticism are a normal and expected part of life (Harrington & Fardig, 1982).

6. **Use of peer tutors, college students, and volunteers**. Use of peer tutors, college students, and volunteers can greatly assist a vocational educator's work with special learners by: (a) helping with individualized instruction, (b) providing positive role models, (c) increasing student participation, (d) increasing the special learner's success experiences, (e) in-

creasing the student's confidence and self-esteem, and (f) improving the special learner's social and academic skills (Asselin & Anderson, 1986). In addition, peer tutors, college students, and volunteers can receive teaching experience and the satisfaction of helping individuals with special needs progress.

7. **Flexible grouping**. The educator can integrate special needs learners into groups of various sizes (according to the student's goals, interests, or ability level) and utilize peer tutors, college students, and volunteers for assistance. According to Sarkees & Scott, grouping students has the following advantages: (a) it allows the teacher more time to work among the students, (b) it allows the teacher to individualize instruction, tasks, and assignments to meet the needs of students in a specific group, (c) it provides special needs learners with an opportunity to work with peers and establish positive interpersonal and working relationships with them, (d) it serves as a motivating factor for special needs learners because the individualized nature of the group work does not become threatening or frustrating but allows students an opportunity to work at their own pace through their strongest learning style, (e) it allows teachers to arrange for instruction for the entire class, small group discussions, project groups, and small remedial sessions so that instruction will be diversified and more meaningful for all students; and (f) it allows the teacher to modify the task or assignment for a small group of students with specific needs, as in the case of learners who have a physical disability (Sarkees & Scott, 1985).

8. **Providing field trips and job site visits**. Scheduled field trips and job site visits can give all learners a realistic first-hand look into the real world of work. By "shadowing" workers in a particular occupational area, students can gain helpful insights into their own career decision. In addition, a field trip or job site visit can be very motivational in that the student can readily observe how his/her vocational training will be used in the world of work (Sarkees & Scott, 1985).

9. **Use of media**. Utilizing media can embellish instruction by: (a) assisting the teacher in presenting the proficiency or skill requirements for a specific job, (b) reinforcing concepts presented in a classroom, laboratory, or demonstration activity, (c) providing a vehicle for special needs learners to show what they have learned, (d) providing a valuable source of remedial assistance, (e) providing simulated learning experiences, (f) allowing special needs students to learn through their strongest style, and (g) adding variety to the instructional program. Examples of media include: computer assisted instruction (CAI), 16 mm films, film strips, flip charts, overhead transparencies, tape recorders, records, posters, magazines, and diagrams (Sarkees & Scott, 1985).

10. **Use of student-teacher contracts**. Student-teacher contracts can be excellent tools in helping learners with special needs achieve their vocational goals. The following guidelines should be used in developing and implementing a student-teacher contract: (a) decide on the task or project, (b) specifically state the requirements, (c) determine the minimum acceptable accuracy, (d) set a time limit--initially, short assignments and short time periods are usually best, (e) identify consequences, (f) discuss contract with student and support personnel, (g) have all parties sign the contract, (h) positive reinforcement should be given if the terms of the contract are satisfactorily met, (i) uncompleted contracts should be

analyzed by the teacher and student to determine the causes, and (j) develop new contracts cooperatively (Sarkees & Scott, 1985).

The following is a list of specific teaching strategies which educators can utilize when addressing the unique needs of handicapped students (Sarkees & Scott, 1985; Stern & Gathercoal, 1986; Tindall; 1980):

Important Note: It is very important to note that many of these teaching strategies could be used for all students. Appearing later in this Overview is a listing of instruction strategies which could be generic to all special needs students.

Instructing Students Who Are Mentally-Impaired

Involve as many different senses as possible in the learning process.

Use concrete specific terms rather than abstract terms. If necessary, have the student repeat the necessary information to you.

When giving written directions use lists instead of paragraphs. With regard to the student who can barely read, contact the remedial reading staff and arrange reading instruction. This instruction should focus on required reading for your course and that which is vital for employment.

Teach by demonstration (whenever possible). Don't hesitate to use hand-over-hand assistance in demonstrating how to use a tool or machine.

Allow time to practice machine or tool processes.

Break down complex operations into smaller tasks.

With regard to feedback, let the learner know what is wanted, and whether or not the student is achieving it. Give lots of positive reinforcement and encouragement. Nonverbal feedback is also helpful (i.e. touching the student or task, pointing, blocking or stopping an error as it is developing, and guiding the learner's movements). In addition, provide specific feedback with regard to the student's work. For example, the educator should say, "This piece was cut exactly to the right size," or "You put these two parts together correctly, " or use Mark Gold's expression "Try another way" (Gold, 1975).

Build the student's confidence by: (a) utilizing activities that will assure success, (b) assigning special tasks which will communicate with the educator's confidence in the student, (c) giving students an opportunity to correct their work and hand in a good project or assignment, and (d) displaying the student's good work.

In helping students with their ability to make correct discriminations, utilize Gold's "match to sample" technique in which the student is provided an example and a number of choices. The student will choose the correct alternative based upon the characteristics of the sample (Gold & Scott, 1971).

With regard to helping the student make correct discriminations when there are minimal differences between the stimuli, it may be necessary to: (a) present the choices in an easy form at first, (b) exaggerate attributes, (c) make the choices gradually harder, or (d) add and fade out color cue, add and then gradually remove large cue differences, or combine these two approaches.

Retention/memory can be improved by: (a) being systematic and presenting one new piece of learning at a time, (b) relating new material to familiar material, and keeping it practical and concrete, and (c) utilizing training techniques such as the total task method, chaining, modeling/demonstrating, and the structured overview (see Tindalls' Puzzled About Educating Special Needs Students).

"Generalizing", or having the student apply what has been learned to the contexts, can be improved by: (a) using examples from different relevant contexts and (b) practicing in settings similar to or exactly like those that will be encountered on the job.

Instructing Students Who Are Hearing-Impaired

In private, discuss with the student his/her ability to communicate with you (lip/speech reading, use of hearing aid, writing, signing, and total communication). An open discussion with the student which demonstrates your concern as an educator is an excellent beginning in building rapport.

Body language communicates messages too. Remember not to give mixed messages with your body language. Also, be alert to the body message the student is giving you (i.e., is he/she communicating tension, nervousness, avoidance, or confusion?)

If you will be working with an interpreter, do not instruct the deaf student as if he/she were a third party. Speak directly to the student. Also, remember that the interpreter is ethically bound to interpret everything you say. Therefore, sensitive or other issues concerning the student is best addressed in a meeting before or after class. If you are using media where the room must be darkened, focus a small lamp on the interpreter.

Maintain good eye contact with the student while speaking.

Speak slowly and clearly, pronouncing each word, but without exaggerating or over pronouncing.

Do not stand in front of a window while speaking. The light should be shining on your face and not the student's.

Try to rephrase a thought rather than saying the same words over again.

Encourage the student to read ahead on class material.

Try to keep the noise level down as much as possible in the class/laboratory.

Utilize handouts, the chalkboard, and other media.

Install a light to indicate when dangerous machinery is on.

Instructing Students Who Are Speech-Impaired

Always maintain eye contact and nod your head while the student is talking. This will help the student build confidence.

Work cooperatively with speech therapist and/or communication specialist to determine which technique will help most in assisting these students to communicate more effectively.

Encourage peer tutoring and small group activities to help the speech-impaired student develop interpersonal relationships with the other students.

Always allow sufficient time for the student to complete his/her sentence.

Try not to act uncomfortable when these individuals are communicating with you (i.e., discontinuing eye contact, shifting your position, clearing your throat). Your discomfort can be very discouraging to the student.

Do not require these individuals to present oral reports until they feel comfortable in the classroom environment.

Model correct sentence structure for the speech-impaired student so he/she can follow your example.

Develop a list of technical terms used in your class and share these terms with the speech specialist to help the student become more confident n pronouncing terms used in class.

Instructing Students Who are Visually-Impaired

Orient the student to the classroom or laboratory before the course begins. Consistency and orderliness in the physical environment is very important to the visually-impaired student.

Arrange seating so the blind student will be able to hear the instruction and to allow for the best distance and lighting conditions for the partially sighted student.

Provide as many opportunities as possible for the visually impaired student to observe closely or to touch the materials.

Give materials and handouts to the student ahead of time. Also, a student peer can assist the visually-impaired student by making a carbon copy or a photocopy of their notes. Also, when possible, the educator can make a copy of their teaching notes. In this way, the visually-impaired student can review the materials with a tutor or have them transcribed into braille or taped.

It is important to gain and maintain the student's attention. Approval or disapproval will need to be verbalized.

Remember there is no need to talk louder to a visually-impaired student.

Rehabilitation counselors or special needs teachers can be useful resources in helping the student use commercial or modified learning aids or tools.

Tests may need to be prepared in large print, braille, on cassette tapes, or converted into exercises using the sense of touch. Also, it may be necessary to allow the student extra time to complete the test.

The tape recorder is the most frequently used technique for notetaking and preparing modified learning materials for the visually-impaired student.

The following is a sample of specially designed machines now available for the visually-impaired student: (a) OPTACON (Optical to Tacile Converter) allows students to read printed material, (b) STEREO-

TONER is similar to the OPTACON but converts the printed word into a tone pattern, (c) OPTOPHONE and VISOTACTOR convert print into sound, and (d) KURZWEL READING MACHINE which converts standard English text on a computer into easily comprehended speech.

A number of general tools or aids which can assist the student in reading or writing lessons for vocational courses follow: (a) braille, (b) large print, (c) tape recorders, (d) talking books, (e) raised letters, (f) slate and stylus (used to make notes), (g) braille writer (a 6-key manually operated machine), (h) typewriters, (i) braille verifier (types braille and regular copy simultaneously), and (j) signature guides.

Aids for mathematics and computer programming courses follow: (a) abacus design for the blind, (b) raised clock faces, (c) wire geometrical forms, (d) braille rulers, (e) raised-line checkbooks, (f) raised-line boards, (g) braille dominoes, (h) braille flash cards, (i) cubes with raised braille dots used for simple mathematical problems, (j) raised-line paper or graphs, (k) computer terminals that use braille printers, or those that type braille and conventional type simultaneously, and (l) talking calculators.

Aids used frequently in other vocational courses include: (a) braille maps, charts, diagrams, (b) self-threading needles, (c) wooden or cardboard models of specimens that other students see through microscopes, (d) braille micrometers and other shop tools that have special raised markings, (e) braille demo tapes to mark lab equipment and models, (f) light probes with audible sounds that check the operating status of machines, and (g) guides or templates to help students align objects properly.

Instructing Students Who Are Seriously Emotionally Disturbed

Consult with the student's parents, special education teacher, or counselor to determine whether any particular teaching techniques will help or hinder learning.

Try to understand the student. Disturbing behaviors are the outward sign of inner turmoil.

Go easy on bad days and avoid direct confrontations that would aggravate the situation.

Communicate acceptance to the student and a willingness to help him or her succeed in class.

Provide immediate feedback and reinforcement.

Establishing a rapport and trust with the student is important.

In the beginning of the semester, help the student gain confidence by giving him or her lessons in which success can be achieved in a series of small steps.

A measure of privacy when the student attempts a new task can ease his or her embarrassment at any awkwardness or ineptness.

Allow the student to correct mistakes prior to turning in an assignment or project to ease any pressure.

Help the student not to overreact to failure and praise him or her for continuing to try.

Cue appropriate behavior in a quiet, unemotional manner.

In resolving discipline problems: (a) do so in privacy, (b) focus on objective facts in a calm, supportive tone, (c) actively listen to the student, (d) after listening to the student, reflect on what has been said, by telling the student what you've heard, (e) ask the student if he or she has any ideas about solving the problem (encourage the student to be specific), and (f) conclude with a clear understanding of the changes, timeframe, and benefits which are expected.

In handling aggressive behavior: (a) try to remain calm and model the controlled behavior which you desire, (b) intervene by either separating the individuals involved and having them work on another activity or having them take a time-out in separate corners of the room, (c) if necessary, send an uninvolved student to the office to get help, either in talking to the students or in managing the class while the teacher talks to them, and (d) return to normal classroom procedure as quickly as possible.

Access professional collegues in special education evaluation, counselling, or therapy when the student's behavior appears to be in need of additional attention.

Instructing Students Who Are Orthopedically-Impaired

In general, students with physical handicaps will be intellectually capable and able to participate in vocational programs.

Make the necessary modifications in classrooms, laboratories, equipment, building accessibility, and lavatories.

For notetaking the student can: (a) use a tape recorder, (b) have a classmate slip a carbon copy into his/her notebook to duplicate notes, and/or (c) have the instructor prepare an outline of the lecture.

For exams the instructor can: (a) give oral exams, (b) have the student dictate answers into a tape recorder or to another student, or (c) utilize a typewriter/computer if the student is able to type/keyboard.

Give the student more time to complete homework assignments. Also, giving the student advance notification of assignments is helpful.

In the laboratory, pair the student with one or more capable students in the class.

Enlarge copies of frequently used charts and diagrams posted near the student's desk eliminates the necessity of paging through a book.

Instructing Students Who Are Other Health-Impaired

Allow the students sufficient time for rest.

Seat the student in the most convenient place for easy access to necessary facilities (hall, lavatory, chalkboard, laboratory work stations).

Allow the students to work on program requirements at his or her own pace.

Tape lectures so the student can listen to them at home.

Work cooperatively with the health team in order to learn more about the student's special needs.

Utilize community resources personnel (social workers and itinerant teachers for home-bound students) for delivery of materials, assignments, and handouts.

Instructing Students Who Have Specific Learning Disabilities

Use visuals and demonstrations as often as possible.

Use concrete examples whenever possible.

Provide student with an outline of what will be covered in class.

Make sure all printed materials are clear and readable.

If the student has a visual perception problem, allow him or her to tape-record assignments.

Allow students to take tests orally or in a mode that compliments their performance.

Present new information in small amounts.

Make sure that writing assignments are relevant to the content of the program.

Allow students a longer period of time to complete assignments, if necessary.

List assignments in steps.

Task analysis can be used to lower the frustration level of these learners.

Programmed instruction materials can be very effective with these learners.

The following is a list of specific teaching strategies which can be very useful when working with students who have **limited English proficiency** (Sarkees & Scott, 1985):

Recognize the student's cultural background and allow for the student's individual differences.

Encourage these students to bring dictionaries to class.

Use demonstrations and hands-on experience as much as possible.

Speak slowly and use simple vocabulary and grammar.

Use bright felt tip markers to mark important words, passages, or illustrations.

If possible, use a translator for important concepts.

Work closely with LEP support personnel.

Keep homework assignments short.

Check for comprehension by asking the student what you have said.

Use simple sentences when writing test items so the student can concentrate on answering the question rather than deciphering it.

And finally, with regard to the disadvantaged population, typically these individuals dislike school, lack motivation, and have a low self-concept or esteem. Therefore, an educator's personal commitment and high expectations for the student may be two of the biggest single factors which will make a positive difference in this individual's life. Additionally, an educator's good example (i.e., being patient, understanding, well organized, and a good manager) can be extremely valuable in motivating and positively shaping the student's behavior (Baca, 1981). Vocational education can offer a great deal to the disadvantaged student in terms of teaching academic and social skills relative to the student's potential employment (Baca, 1981). The following are additional techniques or teaching strategies which can be very useful when working with disadvantaged students (Baca, 1981):

The educator should seek to understand the student's educational and social background through: (a) assessment information, (b) interaction with former teachers, (c) discussions with counselors, and (d) visits with parents to ascertain the student's social limitations and home situation.

Basic math, communication, and social skills should be reinforced. Math skills can be reinforced through hands-on learning activities. Communication skills can be improved by tactfully correcting poor grammar, when appropriate, and by providing resources that encourage reading in job related interests. Social skills such as getting along with people, grooming, proper dress, and respect for property and authority should be reinforced on a continual basis.

The importance of finishing school should be continually stressed. Relate acquisition of job skills to earn income.

Reinforce the student's feelings of self-worth by having high expectations for the student and by providing immediate reinforcement for work done well.

Simulate realistic job situations. All classroom and laboratory experiences should relate to employment in the occupation being studied.

Disadvantaged students (as all students) will typically react to the learning environment in a responsible and mature manner when they are treated with respect and as adults by the educator.

Classroom organization and discipline (being firm but not overbearing) are especially important. Generally, disadvantaged students want and need structure and discipline within their lives. Usually, these individuals will be responsive to and respect teachers who are firm, but sensitive.

Help the student develop employability and job coping skills (i.e., skills associated with finding, applying for, and retaining a job).

Help the student establish good work habits by keeping him or her involved with meaningful learning experiences. Each activity should have concrete learning objectives.

Disadvantaged students may need more encouragement to stay on task; however, they still should be required to complete all assignments (just as they will be required to do on the job).

Present instructions and information in clear, logical steps--building from the simple to the complex.

Technical terms should be communicated clearly and concisely and written in language which the students will understand.

Incorporate a variety of instructional methods in the curriculum (i.e., demonstrations, resource personnel, field trips, peer tutors, role playing, audio-visual aids, and on-site work experiences).

Present supplemental materials when appropriate. If such material is relevant to the acquisition of job skills, the student will not be humiliated by simplified material.

Highlight important parts of the student's text with a light marker to prevent the student from feeling overwhelmed with a larger volume of reading material.

Progress charts can be utilized to motivate disadvantaged students to master new skills.

Utilize flash cards (teacher made or commercial) to reinforce new terms and the use of tools and equipment.

When teaching special needs students, it is very important that instructors do not limit their instructional techniques. Therefore, the following abstract of instructional techniques or strategies has been prepared which could be considered generic to all special needs populations.

- Involve as many different senses as possible
- Use concrete terms
- Have students repeat important information
- Use lists rather than paragraphs for written directions
- Teach by demonstration
- Use hand-over-hand assistance when necessary
- Allow practice time
- Break complex operations into smaller tasks
- Provide immediate feedback
- Build confidence

- Help student make correct discriminations
- Help student with their retention/memory
- Help student generalize knowledge
- Build rapport
- Use appropriate body language
- Use appropriate techniques when working with an interpreter

- Maintain good eye contact
- Speak slowly and clearly
- Rephrase thoughts when necessary
- Encourage the student to read ahead
- Keep the noise level down
- Utilize various forms of media
- Use lights to indicate when dangerous machinery is on
- Work cooperatively with therapists
- Encourage peer tutoring
- Try not to act uncomfortable around special needs students
- Help students feel comfortable
- Model correct sentence structure
- Develop a list of technical terms for students and/or therapists

- Orient students before the course begins
- Provide handouts ahead of time
- Maintain student's attention
- Use tape recorders for note taking
- Try to understand the student
- Communicate acceptance
- Develop success experiences for the student

- Use appropriate behavioral management techniques
- Facilitate the students with their notetaking
- Facilitate the students with exams

- Pair students
- Enlarge charts and diagrams
- Use clear readable visuals frequently
- Provide an outline of material which is being taught

- Writing assignments should be relevant
- Use task analysis when necessary

- Allow for individual differences
- Encourage students to bring a dictionary
- Use felt tip marker to highlight important parts
- Do not make homework assignments too lengthy
- Use simple sentences when writing test items

- Reinforce basic education and work skills
- Reinforce the importance of finishing school
- Reinforce the student's feelings of self-worth

- Simulate realistic job situations
- Treat all students with respect and dignity
- Provide structure and organization
- Utilize progress charts
- Utilize flash cards

Remediation in the Basic Education Skills

It is very important to note that some students may need to acquire one or more basic education skills (i.e., mathematics, reading, writing, speaking, listening, interpersonal relations, and/or reasoning skills) to succeed in a vocational program. In addition, many employers will not hire an individual if he or she lacks these skills. Therefore, instruction in basic education skills may be necessary by the vocational educator. For information concerning basic or generalized skills instruction see Module 8.

Brown's 3-C Model

Brown's 3-C Model helps tie together many of the educational aspects discussed in this Overview. In general, Brown suggests that when delivering instruction to learners with special needs, the instructor can enhance the student's success rate and reduce feelings of frustration by considering the following 3-Cs of instruction: (a) correction, (b) compensation, and (c) circumvention (Brown & Dayser, 1982):

Correction. Providing feedback when the student's skills are being developed, thereby, correcting inappropriate behaviors immediately after they appear. Employing remedial reading and math services to enhance the student's ability to function within the program.

Compensation. Helping the student realize that each task represents only one of many activities contained in the course and that weaknesses in one area can often be offset by strengths in other areas. It should be communicated to the student that some tasks are inherently difficult and that he/she should not expect to achieve success immediately. Further efforts to compensate for the student would be to modify or adjust the delivery of instruction to extend over segments of several class periods. In addition, reinforcement during the early stages of instruction should be amply provided.

Note: Basically, "compensation" involves the instructor's modifications to the curriculum, learning environment, and instruction which has been discussed in this Overview.

Circumvention. If the vocational program is way out of reach for a student, for example, due to a course requirement of a relatively high level of reading skill, it may become necessary for the student to "circumvent" this difficulty by discussing alternate training programs with a vocational counselor.

Summary

Modification of curriculum, learning environment, and instruction can be an important key to successful employment training for special needs students. It requires that the instructor know his/her content completely, but the benefits to all students will likely be extraordinary.

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COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

(1) acceptance policies on student transfers from other school districts;

(2) operation of school bus routes or runs on a non-segregated basis;

(3) nondiscrimination in extracurricular activities and the use of school facilities;

(4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;

(5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;

(6) nondiscriminatory practices relating to the use of a student's first language; and

(7) evidence of published procedures for hearing complaints and grievances.

In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964; EXECUTIVE ORDERS 11246 AND 11375; TITLE IX, 1973 EDUCATION AMENDMENTS; REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; AND VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

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Business Financial Applications

Simulations

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BUSINESS FINANCIAL APPLICATIONS SIMULATIONS

Prepared by
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in cooperation with
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East Texas State University ● Commerce, TX 75428

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PREFACE

The simulations for the *Business Financial Applications Curriculum Guide* were prepared to provide quality instructional materials for instructors of business financial application courses in Texas.

These simulations have been developed through a joint effort of the Texas Education Agency and the Educational Development and Training Center located on the campus of East Texas State University at Commerce, Texas.

The purpose of developing these simulations is to provide business financial application instructors and students with realistic business activities that are coordinated with the *Business Financial Applications Curriculum Guide*. Suggestions and comments concerning these simulations are requested to be sent to the curriculum specialist at the Educational Development and Training Center.

INTRUCTIONS FOR USE OF SIMULATION MATERIALS

Two simulations have been prepared for each section of the *Business Financial Applications Curriculum Guide*. A one-hour simulation has been prepared for those teaching business financial applications as a one-semester course and a three-hour simulation has been prepared for those teaching business financial applications as a full-year course. Each simulation is based on working at a specific company.

The simulations should be completed at the conclusion of each section of the guide. They may serve as a culminating test or as additional activities to tie in all of the concepts taught in the section.

Brief instructions and a grading sheet are provided for the teacher at the front of each simulation. Most answers are provided. Some simulations do not lend themselves to standard answers; therefore, the teacher must decide what grading standards to use. Clarifications are provided in the answers when necessary.

BUSINESS FINANCIAL APPLICATIONS

SECTION I

BANKING OPERATIONS

SIMULATIONS

INSTRUCTIONS

This is a simulation prepared for Section I, Units 1, 2 and 3 of the *Business Financial Applications Curriculum Guide*. The simulation should be completed after the study of the reference materials in Section I: **Banking Operations**. Students should have studied and completed all written work for Unit I--**Checking Accounts,** Unit II--**Teller Operations** and Unit III--**Bookkeeping Systems**. Competency tests following these units should determine whether or not the students are ready for the hands-on simulation.

The simulation is divided into two sections. The one-hour simulation should be completed for a one-semester course. The three-hour simulation should be completed for a one-year course.

This simulation contains the following:

One-Hour Simulation

Training information outlines for handling:

- Checking accounts
- Teller operations
- Bookkeeping Systems

Three-Hour Simulation

Thoroughly read the following information sheets:

- *Procedures for Opening New Accounts*
- *Teller Operating Procedures*
- *Bookkeeping Systems*

Read the scenario carefully and do the following:

- Follow *Procedures for Opening New Accounts* checklist and make checkmarks as the scenario indicates having completed each portion
- Verify, complete and make notations on the Checking Account Information Card
- Signature cards
- Check order forms
- Deposit slips
- Credit slips
- Debit slips
- Teller Blotter
- Thank-you letter
- Written Report

SPECIFIC INSTRUCTIONS

One-Hour Simulation

In addition to working with this simulation, you might show the movie "Campus Man," 1987, available at most rental stores. This is a movie the students will relate to, relevant to Business Financial Application courses and life, and it has a PG rating. Preview the movie and develop questions for the students to answer, then have them write a one-page summary about what they learned. It will probably take two class periods to show the movie.

Three-Hour Simulation

Stress to the students that they are going to need to read this simulation thoroughly. The simulation instructs the student what to do, but something may be skipped accidentally by not reading carefully.

Some of the activities require the use of typewriters; however, you may choose to have the student handwrite the information. A calculator may be needed in some activities.

Make arrangements with your local bank to borrow or use an old copy of their check ordering materials for students to examine.

Provide paper clips and routing slips for the students to properly route materials completed in this simulation.

Also, you may wish to provide or have the students provide a No. 10 envelope and a large envelope for the thank-you letter and written report. Make sure the thank-you letter and the report are mailable.

NOTE: Assume that the $50,000 cashier's check has been cashed and the currency is being deposited into the specified accounts.

ANSWERS

CHECKING ACCOUNTS

The answers should include, but not necessarily be limited to, the following:

1. Types of depositors:

   A. Individual
   B. Partnership
   C. Proprietorship
   D. Corporation
   E. Organization
   F. Associations

2. Four basic types of checking accounts:

   A. Individual account - owned by one person
   B. Joint account - owned by two or more persons
   C. Corporate account - owned by a corporation
   D. Business account - can be proprietorship (business owned by one person without officers); partnership (owned by business formed by two or more persons); or organization (owned by non-profit organization or club)

3. Two types of service charges:

   A. Average or minimum balance checking
   B. Regular or flat rate charge

4. Five types of information found on an information card that are not on the signature card:

   A. Name of person who would always know customer's whereabouts
   B. Business or occupation
   C. Previous bank
   D. Credit references
   E. Driver's license number

5. Steps in completing a signature card:

   A. Type the name of the person, persons, or business
   B. Type the checking account number
   C. Type the date the card was signed by the customer
   D. Have the customer sign the signature card as he/she intends to sign checks

6. Information necessary to complete a deposit slip:

   A. Name of depositor
   B. Address of depositor
   C. Account number
   D. Date of deposit
   E. Amount of currency, coins, and checks
   F. Total of deposit
   G. Customer's initials, if cash if deducted
   H. Net amount of deposit to be credited to the account

7. Areas that can be used in cross-selling:

   A. Loans
   B. Savings
   C. Traveler's checks
   D. Safe deposit box
   E. Trust services

TELLER OPERATIONS

The answers should include, but not be limited to, the following:

1. Six definitions concerning cash:

    A. Cash drawer - tray with compartments to hold the various denominations of coins and currency used at the teller window.
    B. Cashed check - check or item presented to the teller and exchanged for cash
    C. Cash-in ticket - a form charging the teller for the amount of cash on a deposit
    D. Cash-out ticket - a form charging the teller for the amount of cash paid out
    E. Cash long - general ledger account to which tellers credit their cash overages
    F. Cash short - general ledger account to which tellers charge their cash shortages

2. Basic qualifications for success as a teller:

    A. Knowledge of the business
    B. Grasp of teller-related skills
    C. Positive attitude

3. Overall teller duties:

    A. Receiving and disbursing funds
    B. Recording transactions and balancing
    C. Performing other customer services
    D. Maintaining good customer relations
    E. Selling services
    F. Assisting in additional activities as required

4. Five features of genuine currency:

    A. Federal Reserve Seal
    B. Treasury Seal
    C. Serial number
    D. Number of Federal Reserve District that issued the bill
    E. Value of the bill

5. Types of currency:

    A. Federal Reserve Notes
    B. United States Notes
    C. Silver certificates

6. Procedure for strapping currency:

   A. Count out 100 bills to form a standard package
   B. Lay all bills in the same direction with face side up
   C. Select proper denomination strap
   D. Strap currency
   E. Recount package and place teller stamp and initials on the front of the strap

7. Four areas that could identify a counterfeit bill:

   A. Portrait - would be dull with irregular or broken lines
   B. Seal - points might be uneven and seal could be wrong color
   C. Serial numbers - may be poorly printed, badly spaced, and uneven
   D. Paper - does not feel like currency and threads may be imitated

8. Precautions used when handling cash:

   A. Never leave the window during cash transactions
   B. Always lock cash drawer when leaving window
   C. Never mix denominations in a single money compartment
   D. Always check arithmetic before paying out cash
   E. Count money received directly in front of the customer

9. Customer identification:

   A. Personal knowledge of him/her as a customer
   B. Comparison of signature to signature card
   C. Valid identification containing signature and picture

10. Seven steps in balancing teller window:

    A. Count currency
    B. Count coins
    C. Determine closing cash
    D. Record computer totals for cash-in, cash-out, and cashed checks
    E. Prove cash transactions
    F. Prove debits equal credits
    G. Complete teller's blotter

BOOKKEEPING SYSTEMS

The answers should include, but not be limited to, the following:

1. Terms:
   - A. EFTS - Electronic funds transfer system
   - B. NSF - Not sufficient funds
   - C. MICR - Magnetic Ink Character Recognition

2. Sources of bookkeeping work:
   - A. Automated clearinghouses
   - B. Deposit slips originating with tellers
   - C. Debit and credit slips prepared by many departments
   - D. Checks presented by clearinghouses, Federal Reserve, directly from other banks or from tellers

3. Seven basic bookkeeping functions:
   - A. Examining checks for proper account numbers and dollar amounts
   - B. Posting all debits and credits to proper accounts
   - C. Arriving at new closing balances for each account
   - D. Returning dishonored items
   - E. Rendering bank statements
   - F. Generating internal reports
   - G. Answering legitimate inquiries

4. Three types of checks to become familiar with when filing checks:
   - A. Altered checks - check on which the date, payee, or amount has been changed
   - B. Post dated check - an item bearing a date in the future
   - C. Stale dated check - an item bearing a date six months or more prior to its presentation

5. Five visual tests in examining checks:
   - A. Is it an actual item drawn on the bank?
   - B. Is the signature genuine and authorized?
   - C. Has the check been altered?
   - D. Is the check properly dated?
   - E. Has the check been properly endorsed?

6. Four non-visual tests in examining checks:

   A. Has a stop payment order been placed on the check?
   B. Has a hold been placed on the account?
   C. Are there sufficient funds?
   D. Is the account balance available?

7. Information needed for telephone transfer of funds:

   A. Customer name
   B. Address
   C. Telephone number
   D. Account numbers
   E. Amount to be transferred

8. Procedures for telephone transfer of funds:

   A. Obtain necessary information
   B. Verify sufficient funds
   C. Verify information with the customer
   D. Complete debit and credit slips
   E. Take original slips to teller
   F. Mail carbon copies to customer

9. Four parts of MICR encoding:

   A. Sorting and routing numbers
   B. Account number
   C. Check number
   D. Amount

CHECKING ACCOUNT INFORMATION CARD

Date: (Current Date) Account No.: 63-9423 Type: Regular

Name on Account: Juan McGee Individual [✓] Joint [ ]

Mailing Address: 4709 Ricara Drive

City: Boulder State: CO Zip: 80303

Residence: same as above Phone: 555-3512

Previous Address: Classified information

Business/Occupation: General / Foreign Dignitary

Business Address: Trans-Swiss Corp. 1500 N. Neal Boulder, CO

Name of person who will always know your whereabouts: Olivia McGee Phone: 555-3512

Other Accounts with us: None

Previous Bank & Address: Mile High Bank 100 W. Kern, Boulder, CO

Credit References: International Bank of Switzerland

Drivers License No: (His) None (Hers) None

Soc. Sec./Tax ID No.: (His) 54851340DM (Hers) 24689450DM

Replies to Inquiries:

Special Instructions: Special handling requested.

Depositor agrees to permit the bank to contact previous banking references and to perform a credit check.

SIGNATURE: Juan McGee

Acct. No.: 63-9424 Type: Regular
Name on Account: Olivia D. McGee

Acct. No.: 63-9425 Type: Regular
Name on Account: Juan McGee or Olivia McGee

Acct. No.: 92-7782 Type: Business
Name on Account: Switzerland Leadership Organization

SIGNATURE CARDS

INDIVIDUAL ACCOUNT

Account of: Juan McGee

Account No. 63-9423

Date: (Current Date)

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

Juan McGee

INDIVIDUAL ACCOUNT

Account of: Olivia D. McGee

Account No. 63-9424

Date: (Current Date)

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

JOINT ACCOUNT

Account of: Juan or Olivia McGee

Account No. 63-9425

Date: (Current Date)

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

Juan McGee
(Husband's Name)

(Wife's Name)

BUSINESS ACCOUNT

Account of: Switzerland Leadership Organization

Account No. 92-7782

Date: (Current Date)

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

General Juan McGee

DEPOSITED WITH
Mountain Park National Bank

63-9423
ACCOUNT NUMBER

_______________ 19_____

NAME Juan McGee
ADDRESS 4709 Ricara Drive
CITY Boulder, CO 80303

FOR BANK USE ▶

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY	5000	00
COIN		
CHECKS		
TOTAL	5000	00
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶	5000	00

DEPOSITED WITH
Mountain Park National Bank

63-9424
ACCOUNT NUMBER

_______________ 19_____

NAME Olivia D. McGee
ADDRESS 4709 Ricara Drive
CITY Boulder, CO 80303

FOR BANK USE ▶

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY	5000	00
COIN		
CHECKS		
TOTAL	5000	00
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶	5000	00

DEPOSITED WITH

Mountain Park National Bank

63-9425
ACCOUNT NUMBER

______________ 19______

NAME Juan or Olivia McGee
ADDRESS 4709 Ricara Drive
CITY Boulder, CO 80303

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY	10,000	00
COIN		
CHECKS		
TOTAL	10,000	00
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶	10,000	00

DEPOSITED WITH

Mountain Park National Bank

92-7782
ACCOUNT NUMBER

______________ 19______

NAME Switzerland Leadership Org.
ADDRESS 1500 N. Neal
CITY Boulder, CO 80303

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY	30,000	00
COIN		
CHECKS		
TOTAL	30,000	00
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶	30,000	00

CHECK ORDER FORMS

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME		CHOICE OF CHECK COLOR OR DESIGN		STARTING NO.
Juan McGee		Grey		001
SOCIAL SECURITY NO.		STYLE - QUANTITY		86-00/1090
54851340DM		Wallet--200		
ADDRESS	PHONE	COVER	I NO	PT ILLUST. NO.
4709 Ricara Drive	555-3512	Grey		
CITY & STATE	ZIP CODE	TRIAL OFFER		
Boulder, CO	80303			
		SPECIAL INSTRUCTIONS		DATE
		RUSH		(Current Date)

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME		CHOICE OF CHECK COLOR OR DESIGN		STARTING NO.
Olivia D. McGee		Mauve/Roses		001
SOCIAL SECURITY NO.		STYLE - QUANTITY		86-00/1090
24689450DM		Top stub--200		
ADDRESS	PHONE	COVER	I NO	PT ILLUST. NO.
4709 Ricara Drive	555-3512	Mauve		
CITY & STATE	ZIP CODE	TRIAL OFFER		
Boulder, CO	80303			
		SPECIAL INSTRUCTIONS		DATE
		RUSH		(Current Date)

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME: Juan or Olivia McGee
CHOICE OF CHECK COLOR OR DESIGN: Blue/Western
STARTING NO.: 001
SOCIAL SECURITY NO.: 54851340DM
24689450DM
STYLE - QUANTITY: Wallet--200
86-00/1090
ADDRESS: 4709 Ricara Drive
PHONE: 555-3512
COVER: Blue
☐ NO
PT ILLUST. NO.
CITY & STATE: Boulder, CO
ZIP CODE: 80303
TRIAL OFFER
SPECIAL INSTRUCTIONS: RUSH
DATE: (Current Date)

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME: Switzerland Leadership Organization
CHOICE OF CHECK COLOR OR DESIGN: Green/3 to page
STARTING NO.: 001
SOCIAL SECURITY NO.: 54851340DM
STYLE - QUANTITY: Computerized--300
86-00/1090
ADDRESS: 1500 N. Neal
PHONE: 555-2515
COVER
☑ NO
PT ILLUST. NO.
CITY & STATE: Boulder, CO
ZIP CODE: 80303
TRIAL OFFER
SPECIAL INSTRUCTIONS: RUSH
DATE: (Current Date)

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

BEST COPY AVAILABLE

DEBIT SLIPS

Account Number
DEBIT Juan or Olivia McGee 63-9425

DATE (current date) APPROVED BY Student TOTAL $3000

CREDIT SLIPS

Account Number
CREDIT Juan McGee 63-9423

DATE (current date) APPROVED BY Student TOTAL $3000

MOUNTAIN PARK NATIONAL BANK
TELLER'S BLOTTER

TELLER NO-

DATE: (Current Date)

DAILY PROOF				CASH MAKE-UP			
DESCRIPTION	DEBIT TRANSFER	DESCRIPTION	CREDIT TRANSFERS		PACKAGED	LOOSE	TOTAL
CASH PAID OUT	$2,567.90	OPENING CASH	$31,048.77	Large Currency	10,100	1,850	11,950
Cashed items	765.98	CASH ON DEPOSITS	3,019.45	Twenties	3,000	1,400	4,400
Sold to vault	9,800.00	Brought from vault	2,650.00	Tens	2,000	490	2,490
				Fives	3,000	335	3,335
				Twos	—	—	—
				Ones	400	452	852
				Canadian Currency	—	—	—
				Mutilated	—	—	—
				New	—	—	—
				Silver Dollars	—	—	—
				Half Dollars	100	7.00	107.00
				Quarters	170	10.75	180.75
				Dimes	130	7.80	137.80
				Nickels	112	3.15	115.15
				Pennies	13	3.64	16.64
CLOSING CASH	$23,584.34			Total	$19,025	$4,559.34	$23,584.34
				Cash Over			
TOTAL DEBITS	$36,718.22	TOTAL CREDITS	$36,718.22	Cash Short			
				Grand Total			

SIGNATURE OF TELLER Student's Name

21

Letter: Answers may vary.

(Current Date)

General Juan McGee
4709 Ricara Drive
Boulder, CO 80303

Dear General McGee:

Thank you very much for allowing the Mountain Park Bank to serve you by opening your checking accounts with our bank.

The Mountain Park Bank will strive to provide you with the best possible banking services. Please let us know any time when we might be of service to you.

Your business is very much appreciated, and we look forward to a long relationship with you at Mountain Park Bank.

Very truly yours,

(Your name)

Report: Evaluated to the satisfaction of the instructor. Check for completeness and mailablity. Remember to check to make sure that the students have included additional information that was provided by the General concerning other services.

Name: ______________________ Grade: ________

Section: ______________________

Date: ______________________

BANKING OPERATIONS SIMULATION EVALUATION SHEET

Received **Description**

One-Hour Simulation

_____ **Training Program Outline**

- _____ Checking Account
- _____ Teller Operations
- _____ Bookkeeping Systems

Comments:

Grades

One-Hour Simulation

Training Outlines _____

Grade Average: _____

Grades

Three-Hour Simulation

Readings	_____
Checklist	_____
Information Card	_____
4 Signature Cards	_____
4 Check Order Cards	_____
2 ea. Debit/Credit Cards	_____
Teller Blotter	_____
Thank You Letter	_____
Written Report	_____

Grade Average: _____

Received **Description**

Three-Hour Simulation

_____ **Readings**

_____ **Checklist completed**

_____ **Information card completed**

_____ **4 Signature cards**

- _____ General's
- _____ Olivia's
- _____ Joint
- _____ Business

_____ **4 Check Order Forms**

- _____ General's
- _____ Olivia's
- _____ Joint
- _____ Business

_____ **Debit and Credit Slips**

- _____ Debit slip and copy
- _____ Credit slip and copy

_____ **Teller Blotter**

_____ **Thank You Letter**

_____ **Written Report**

Comments:

MOUNTAIN PARK NATIONAL BANK

Mountain Park National Bank is a commercial bank in a city of 300,000 people. It has a main bank and five branches. The total assets of the bank are $100 million and the bank has a staff of 100 employees. In addition to the ten bank officers, there are department supervisors for new accounts, loans, credit, tellers, bookkeeping, and general ledger. There is also one operations manager.

STATUS

Mountain Park National Bank is in a competitive banking atmosphere with nine other banks, six Savings and Loans, and five Credit Unions. Mountain Park National Bank is located near a large military training installation which requires that the bank employees must be extremely cautious in dealing with many out of town transactions. The Board of Directors realizes that the bank's largest asset is its employees. Its ability to serve the customer in the most efficient and friendly manner is because of the competition for customer accounts is high among the banking institutions in the area.

ORDER OF OPERATIONS

You are the operations manager for Mountain Park National Bank. Because the bank has been successful in providing friendly, efficient service to its customers, deposits have increased approximately $1 million in the last six months. The checking accounts supervisor has informed you of the need for an additional employee.

You understand that proper training and a knowledge of the job is the key to efficient and friendly service. Therefore, you have decided to write a brief outline of the training program for an employee that will work in three different departments: Checking Accounts, Teller Operations, and Bookkeeping Systems. You really need three employees, but since the bank has a hiring freeze in place, you were able to get approval from the president for only one new employee. Since time is a crucial factor, you draw up an outline of the most important areas of training. The minimum should be included:

Checking Accounts

1. Types of depositors
2. The four basic types of checking accounts
3. Two types of service charges
4. Five types of information about the customer, found on an information card, which would not be found on the signature card
5. Steps in completing a signature card
6. Information necessary to complete a deposit slip
7. Areas that can be used in cross-selling

Teller Operations:

1. Six definitions of terms concerning cash that the teller should know
2. Basic qualifications for success as a teller
3. Overall teller duties
4. The five features of genuine currency
5. The types of currency
6. Procedure for strapping currency
7. Four areas that could identify a counterfeit bill
8. At least five precautions to use when handling cash
9. Procedures for customer identification
10. Seven steps in balancing a teller window

Bookkeeping Systems

1. Three important terms and definitions that are often abbreviated in banking terminology
2. Sources of bookkeeping work
3. The seven basic bookkeeping functions
4. Three types of checks that the employee should become familiar with when filing checks
5. The five visual tests in examining checks
6. The four visual tests in examining checks
7. Information that should be obtained in a telephone request for transferring funds
8. Procedures followed in completing telephone transfer of funds
9. The four parts of MICR encoding on a check

Upon completion of the outlines, you give them to your supervisor for approval.

CHECKING ACCOUNTS

1. Types of depositors:

   A.
   B.
   C.
   D.
   E.
   F.

2. Four basic types of checking accounts:

   A.
   B.
   C.
   D.

3. Two types of service charges:

   A.
   B.

4. Five types of information found on an information card that are not on the signature card:

   A.
   B.
   C.
   D.
   E.

5. Steps in completing a signature card:

   A.
   B.
   C.
   D.

6. Information necessary to complete a deposit slip:

A.

B.

C.

D.

E.

F.

G.

H.

7. Areas that can be used in cross-selling:

A.

B.

C.

D.

E.

TELLER OPERATIONS

1. Six definitions concerning cash:

A.

B.

C.

D.

E.

F.

2. Basic qualifications for success as a teller:

A.

B.

C.

3. Overall teller duties:

A.

B.

C.

D.

E.

F.

4. Five features of genuine currency:

   A.

   B.

   C.

   D.

   E.

5. Types of currency:

   A.

   B.

   C.

6. Procedure for strapping currency:

   A.

   B.

   C.

   D.

   E.

7. Four areas that could identify a counterfeit bill:

   A.

   B.

   C.

   D.

8. Precautions used when handling cash:

A.

B.

C.

D.

E.

9. Customer identification:

A.

B.

C.

10. Seven steps in balancing teller window:

A.

B.

C.

D.

E.

F.

G.

BOOKKEEPING SYSTEMS

1. Terms:

   A.

   B.

   C.

2. Sources of bookkeeping work:

   A.

   B.

   C.

   D.

3. Seven basic bookkeeping functions:

   A.

   B.

   C.

   D.

   E.

   F.

   G.

4. Three types of checks to become familiar with when filing checks:

   A.

   B.

   C.

5. Five visual tests in examining checks:

A.

B.

C.

D.

E.

6. Four non-visual tests in examining checks:

A.

B.

C.

D.

7. Information needed for telephone transfer of funds:

A.

B.

C.

D.

E.

8. Procedures for telephone transfer of funds:

A.

B.

C.

D.

E.

F.

9. Four parts of MICR encoding:

A.

B.

C.

D.

MOUNTAIN PARK NATIONAL BANK

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ORDER OF OPERATIONS

You are the operations manager of Mountain Park National Bank. The president of the bank has given you the task of handling a visiting dignitary's checking accounts in the amount of $50,000. General McGee will be stationed at the nearby installation for six months. The president of the bank wants you to personally supervise the handling of his accounts, beginning with opening the accounts while providing friendly and efficient service, and ending with a close scrutiny of his accounts in the bookkeeping area. The General previously had his $50,000 accounts at another local bank and was very dissatisfied with the service. Therefore, the president wants you to personally watch these accounts and make sure that General McGee receives the best service the bank can offer.

The president has given you this information at the morning operations meeting and has informed you that General McGee will be coming into the bank at 1:00 p.m. tomorrow to open his accounts. It will be your task to meet with the General and to personally assist him with all banking services he may require. In addition, prior to his arrival, you are to meet with each of the supervisors in checking accounts, teller operations, and bookkeeping to prepare for General McGee's visit to the bank.

1. The president has given you the following information:
    - A. General McGee may or may not want to open a joint account with his wife.
    - B. He may require other services from the bank.
    - C. He sometimes makes deposits to his account with out-of-town checks and wants immediate credit.
    - D. General McGee closed his accounts with the other local bank because it had paid unauthorized items on his account.
    - E. On occasion he will be out of the city and may need to make transfers from his accounts by telephone.
2. Your objective is to present the president with a written report of the meeting with the General and provide a summary of what types of services that he required and any additional ones that he was interested in.
3. To make sure that you are prepared, you contact the new accounts supervisor and prepare a checklist of information and steps to follow in opening the General's accounts. They are summarized in the *Procedures for Opening New Accounts*.
4. Next you go to the head teller, together you work out a *Teller's Operating Procedure* handout for new customers. It is written with a "you" attitude telling what the teller can do for the customer.
5. Your final meeting is with the supervisor of the bookkeeping department. Together you brainstorm the different situations that may arise in dealing with General McGee's account and establish procedures to handle each situation.

The day of the General's visit has finally arrived. You review the *Procedures For Opening New Accounts* from the checklist, the *Teller Operating Procedures* handout for new customers, and *Bookkeeping System Procedures* developed especially for General McGee's accounts.

The General arrives and you find him to be very gracious and courteous, but a shrewd businessman who knows exactly what he wants. You proceed to go through the *Procedures for Opening New Accounts*, methodically checking off the information as General McGee provides you with the information.

He would like the following accounts:

2	Individual Accounts--one for himself and one for his wife
1	Joint Account
1	Business Account

You explain the types of service charges available but tell the General that because of the size of his deposits in the accounts you will provide him with a no service-charge account as long as there is a minimum balance of $2000 in each account. General McGee is pleased with your offer and you make a note of that on your checklist.

A Checking Account Information Card is filled out by the General. You review the information making sure that all of the information has been filled in. You find that he has omitted the following information:

1. Previous Address
2. Drivers license number

You ask the General about these two areas and fill in the blank spaces as General McGee tells you that his previous address is classified and that neither he nor his wife have a U.S. drivers license, an attache drives them everywhere.

Because the General is opening four accounts you ask the following questions and make notations in the margins:

1. What is your wife's full name and her identification number?

   Olivia Darlaine McGee #2468945ODM

2. What is the name he wants his business account under?

   Switzerland Leadership Organization

You now proceed to key in information on four signature cards (2-Individual Accounts, 1-Joint Account and 1-Business Account) using the information from the Checking Account Information Card and the additional information the General provided. You have the General sign for his individual, joint, and business account signature cards and request that he take his wife's individual and joint card home with him and have her sign them and return them in the pre-addressed envelope that you have given him.

General McGee has a slight grin on his face and you acknowledge it with a big grin of your own and tell him that if he has any questions at any time that you will answer them or immediately find the answer for him. He assures you that he will.

On the left hand corner of your desk is your check display book. You ask the General to look through the book and select the type of checks he wants for each of the checking accounts. He makes the following selections:

His individual account	Grey/formal, 200, wallet, no special design
Olivia's account	Mauve/formal, 200, top stub, roses
Joint	Blue/formal, 200, wallet, western
Switzerland Leadership Organization	Green, 3 to a page, computerized 200

From this information you prepare the four check order forms. You let the General know that you will fax the order so that they will be sent to him in three days.

At this time you issue the temporary checks and deposit package, explain the purpose of the identification card, and let General McGee know that additional checks will be available upon request.

The General pulls out a $50,000 cashier's check to be deposited in the four accounts as follows:

General's individual	$ 5,000
Olivia's individual	$ 5,000
Joint	$10,000
Business	$30,000

You assist him by filling out the deposit slips for the four accounts.

You explain the other bank services: loans, savings, traveler's checks, safe deposit boxes, and trust services. The General says that he will probably use traveler's checks but will come in at a later date. He indicates that he will need a safe deposit box and you assign him one, explain the procedures and policies and provide the keys. He appears to be impressed with the trust services and the loan procedures and indicates that they may be of interest to him at a later date. You make a notation of this on the back of the *Procedures for Opening New Accounts* so that you can include this information on your report.

At this time, you again ask the General if he has any questions. General McGee scratches his head and then asks if the bank offers telephone transfers, he had trouble with his other bank with this type of service. You indicate to him that telephone transfers are a routine procedure and that there should be no problems. You indicate this on your checklist so that you can emphasize this in your report to the president.

The *Teller Operating Procedures* handout is given to the General for his consideration. You ask that he take it with him and to let you know personally if he has any difficulty at all in this area.

Next, you take him on a tour of the bank and into the bookkeeping department where you explain and go over the special bookkeeping information that may be helpful for the General's peace of mind. The bookkeeping supervisor shows the nine validity tests that are done by the bookkeeping department to assure that only authorized items are paid.

The General leaves the bank a happy man and you breathe a sigh of relief. You immediately start to write up your report for the president and to compose the standard thank-you letter using the basic format used by the bank. Next you sign the thank you-letter, make a photocopy to include in your documentation, and prepare it for outgoing mail. Then you complete the report to the president, you attach all of the handouts you provided to General McGee, and place them in a large inter-office envelope in inter-office mail.

The next day you get a call from the General who requests that you transfer $3000 from his joint account into his individual account. You verify the information with the General and then type up the appropriate debit and credit slips, make a photocopy of them and disburse the original debit and credit slip to the teller and mail the copies to the General.

The day has almost ended when you bring the copies of the debit and credit slips to the teller. You notice that the head teller who is assigned to the General's account has left early because of a family emergency. Therefore you handle the transactions yourself and try to be helpful and make out her Teller's Blotter. (The supervisor has okayed you to do this because of the nature of the emergency.)

Using today's date you find the following totals:

Teller machine totals:

Cash Out	$2,567.90
Cash In	$3,019.45
Cashed Items	765.98
Sold to Vault	9,800.00
Bought from Vault	2,650.00

Your previous day's cash was $31,048.77.

Your cash drawer consists of:

Packaged Currency

Large Bills	$10,100
Twenties	3,000
Tens	2,000
Five	3,000
Ones	400

Rolled Coins

Halves	$100
Quarters	170
Dimes	130
Nickels	112
Pennies	13

Loose Currency

Large Bills	$ 1,850
Twenties	1,400
Tens	490
Five	335
Ones	452

Loose Coins

Silver Dollars	$ 7.00
Quarters	10.75
Dimes	7.80
Nickels	3.45
Pennies	3.64

Sign, teller stamp, and include tapes used in balancing process.

The president comes up to you and compliments you on your good work in handling General McGee's accounts. She asks that you continue to handle the General's accounts during his stay in the area.

PROCEDURES FOR OPENING NEW ACCOUNTS

1. **The four types of checking accounts available:**

☐	**Individual Account**	account owned by one person, who may authorize another person to write checks on the account.
☐	**Joint Account**	account owned by two or more persons, who may each write checks on the account.
☐	**Corporate Account**	account owned by a corporation.
☐	**Business Accounts**	can be proprietorship, partnership, or organization.

2. **Two types of service charges are:**

- ☐ Average or Minimum Balance Checking (ABC).
- ☐ Regular or Flat Rate Charge (FR).

3. **Client information needed to complete the Information Card:**

- ☐ Date
- ☐ Account Number or organization
- ☐ Type of checking account
- ☐ Name on account
- ☐ Mailing Address
- ☐ Residence
- ☐ Telephone Number
- ☐ Previous Address
- ☐ Business or occupation
- ☐ Business address
- ☐ Name of person who will always know your whereabouts
- ☐ Telephone number of person who will always know your whereabouts
- ☐ Other accounts with the bank
- ☐ Previous bank and address
- ☐ Credit reference
- ☐ Driver's license number
- ☐ Social Security number
- ☐ Replies to inquiries
- ☐ Special instructions
- ☐ Signature

4. **Make sure to transfer the following information to the signature card:**

- ☐ Type the name of the person, persons, or business opening the account.
- ☐ Type the checking account number.
- ☐ Type the date the card was signed by the customer(s).
- ☐ Customer signs the card, using the signature he/she intends to use to sign checks.

5. **Discuss the steps to be taken in ordering personalized checks:**

- ☐ Display example book of various types of checks.
- ☐ Provide information on quantity, style, and price of checks.
- ☐ Inform customer of billing procedures for checks.
- ☐ Ask the customer to select a checkbook cover.
- ☐ Type the check order.
- ☐ Ask the customer to verify the information.
- ☐ Tell the customer when the checks will be mailed.
- ☐ Remind the customer to review checks for errors when received.

PROCEDURES FOR OPENING NEW ACCOUNTS (Continued)

6. **Procedures for issuing temporary checks and deposit slips:**

[ ] Issue temporary checks and deposit package to the customer.
[ ] Explain to the customer the purpose of the identification card.
[ ] Explain to the customer that more temporary checks and deposit slips are available, if needed.

7. **Steps in completing a deposit slip:**

[ ] Name of the depositor.
[ ] Address of the depositor.
[ ] Account number.
[ ] Date of Deposit.
[ ] Amt. of currency, coins, and checks.
[ ] Total of the deposit.
[ ] Customer's initials for acknowledgement for cash deducted.
[ ] Net amount of deposit to be credited to the account.

8. **Steps in telephone transfers:**

[ ] Ask for the customer's name as it is carried on the account.
[ ] Ask for the complete address of the customer.
[ ] Ask for the customer's telephone number.
[ ] Ask for the customer's account numbers.
[ ] Ask for the amount to be transferred.
[ ] Check to see if there are sufficient funds in the account.
[ ] Type the debit slip for customer's account from which money will be deducted, using customer's name, account numbers, and amount to be transferred, date, and your initials.
[ ] Type credit slip for account to which money will be added, using customer's name, account number, and amount to be transferred, date, and your initials.
[ ] Verify the information by repeating the information to the customer.
[ ] Original of debit slip and credit slip goes to the teller.
[ ] Mail carbon copy of debit and credit slip to the customer.

9. **Five cross-selling areas and why:**

[ ]	**Loans**	Helps prevent cashing securities before maturity. Prevents not making a large withdrawal from savings. May spread tax payments over a period of time rather than in one lump sum.
[ ]	**Savings**	Money deposited in an account earns interest. Each account is insured up to $100,000.
[ ]	**Traveler's checks**	Safer than cash to carry while traveling. Convenient to purchase rather than closing the account when there will be a temporary change of address. If traveler's checks are stolen, a claim can be entered by supplying the serial numbers.

PROCEDURES FOR OPENING NEW ACCOUNTS (Continued)

[ ]	**Safe deposit box**	Safe place to keep securities and other valuables, such as loan or mortgage papers that have been paid off, other important papers, and traveler's checks that have been purchased. (Cross-sell when customers come in to buy traveler's checks.)
[ ]	**Trust services**	Administers trusts, guardianships, and conservatorships. Helps settle estates, acts as a performing agency to hold and manage stocks, bonds, real estate, and property for individuals and business organizations. Acts as trustee under corporate indenture when a corporation wishes to borrow money by the sale of its bonds. Cooperates with attorneys, accountants, and life underwriters in planning estates.

10. Thank you letter format:

Date __________

(3 blank lines)

Name
Address
City, State, ZIP Code
(double space)

Dear Mr. (Mrs.) (Ms.):
(double space)

Thank you very much for allowing the Mountain Park Bank to serve you by opening your own personal checking account with our bank.

The Mountain Park Bank will strive to provide you with the best possible banking services. Please let us know any time when we might be of service to you.

Your business is very much appreciated, and we look forward to a long relationship with you at Mountain Park Bank.

(double space)

Very truly yours,

(3 blank lines)

Your name

TELLER OPERATING PROCEDURES

1. Our tellers have an extensive knowledge of the banking business which includes a thorough knowledge of the services or products that the Mountain Park National Bank currently offers, such as:

   - checking accounts options
   - savings accounts
   - safe deposit boxes
   - traveler's checks
   - loans, and
   - other services offered

2. Our tellers have an obligation to the customers to maintain confidentiality concerning customer accounts. The following information is considered confidential and will not be discussed by our bank employees:

   - account status
   - account balance
   - items deposited, and
   - all other information related to the customer accounts

3. Our tellers will be as tactful and as helpful as possible in all situations. They know bank policy and know what they can or cannot do in special situations and for customers with special needs. Our tellers have been carefully trained to identify customers needs and to suggest bank services that might benefit our customers. If there is any doubt the matter is referred to a supervisor in order to provide the best service to you, the customer.

4. Through familiarity with bank services and cross-selling, the tellers should be able to identify customer needs and suggest bank services that help fulfill customer needs. For example, wiring transfers and traveler's checks would greatly benefit a customer who travels frequently. In addition, these bank services are safer than carrying cash, which can easily be stolen or lost.

5. Our tellers are totally familiar with identification procedures required by the bank and know what is acceptable and unacceptable identification. They are able to explain to the customer that identification guidelines protect both the customer and the bank.

6. Our tellers are very familiar with our bank's policy regarding granting immediate credit on items deposited in a customer's account. If there is a problem concerning items deposited, the tellers refer the matter to their supervisor.

7. Our tellers constantly strive to promote goodwill for the bank through human relations and fast, efficient, friendly service. They are able to communicate clearly and protect the customer's ego with tact. Our tellers avoid embarrassing the customer and make sure they thank them for their business.

BOOKKEEPING PROCEDURES

GENERAL MCGEE'S ACCOUNT

1. **Four ways your checks may be presented for payment at our bank or in any other city**

    1) Clearinghouses
    2) Federal Reserve
    3) Directly by other banks
    4) By tellers, either cashed or taken on deposits

2. **Seven basic functions of our bookkeeping department:**

    1) Examine all work presented to it. Ensure that the proper account numbers and dollar amounts appear.
    2) Post all debits and credits to the proper account. Debit the account with all checks and debits and credit the account with all deposits and credits.
    3) Arrive at new closing balance for each account. All debits and credits are applied to the opening balance of the account to arrive at a new current closing balance.
    4) Return items that are dishonored. Do not pay items that are altered or forged, have insufficient funds or stop payments.
    5) Render statements to customers. Report showing the beginning balance, all transactions, and the closing balance.
    6) Generate internal reports for various departments within the bank. Reports for other bank departments that will aid them in their bank duties.
    7) Answer inquiries from outside sources as to the status of accounts. Principally verifying, to legitimate callers, if funds are available for the payment of a check or answering customers' inquiries concerning their checking accounts.

3. **Types of checks that are available for use:**

    1) Bank draft
    2) Cashier's check
    3) Certified check
    4) Traveler's check

4. **Nine validity tests by the bookkeeping department to assure that only authorized items are paid:**

    1) Visual tests:
        a. Is the item an actual check, drawn on an open account with the bank?
        b. Is the drawer's signature genuine and authorized?
        c. Has the check been altered?
        d. Is the check properly dated?
        e. Has the check been properly endorsed?

BOOKKEEPING PROCEDURES

GENERAL MCGEE'S ACCOUNT (Continued)

2) Non-visual tests:
   a. Has a stop payment order been placed on the item?
   b. Has a hold been placed on the account?
   c. Is there a sufficient balance to cover the amount of the check?
   d. Is the account balance available to the drawer?

5. Procedures for handling checks and deposit slips and preparations taken in readying the bank statement:

1) Film all checks and deposits before filing.
2) Verify that the written, figure, and encoded amounts agree and none are missing.
3) Ensure that the payee line is completed.
4) Verify that the encoded number of the check matches the check number printed on the check.
5) Check the file guide for special instructions and cautions.
6) See that the check has been cancelled with a PAID stamp.
7) Place checks in the back of the file.
8) Place deposit slips in the front of the file.

CHECKING ACCOUNT INFORMATION CARD

Date: ______ Account No.: 63-94/23 Type: Regular
Name on Account: Juan McGee Individual [✓] Joint [ ]
Mailing Address: 4709 Ricara Drive
City: Boulder State: CO Zip: 80303
Residence: same as above Phone: 555-3512
Previous Address: ______
Business/Occupation: General / Foreign Dignitary
Business Address: Trans-Swiss Corp. 1500 N. Neal Boulder, CO
Name of person who will always know your whereabouts: Olivia McGee Phone: 555-3512
Other Accounts with us: None
Previous Bank & Address: Mile High Bank 100 W. Kern Boulder, CO
Credit References: International Bank of Switzerland
Drivers License No: (His) ______ (Hers) None
Soc. Sec./Tax ID No.: (His) 5485134ODM (Hers) 24689450DM
Replies to Inquiries: ______
Special Instructions: Special handling requested

Depositor agrees to permit the bank to contact previous banking references and to perform a credit check.

SIGNATURE: Juan McGee

Acct. No.: 63-9424 Type: Regular
Name on Account: Olivia D. McGee

Acct. No.: 63-9425 Type: Regular
Name on Account: Juan McGee or Olivia McGee

Acct. No.: 92-7782 Type: Business
Name on Account: Switzerland Leadership Organization

SIGNATURE CARDS

INDIVIDUAL ACCOUNT

Account of: Account No. ______________________

______________________________ Date: ______________________

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

INDIVIDUAL ACCOUNT

Account of: Account No. ______________________

______________________________ Date: ______________________

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

JOINT ACCOUNT

Account of: Account No. ____________________

____________________________________ Date: ____________________

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

____
(Husband's Name)

____
(Wife's Name)

BUSINESS ACCOUNT

Account of: Account No. ____________________

____________________________________ Date: ____________________

MOUNTAIN PARK NATIONAL BANK

Below is the authorized signature to be recognized in the payment of funds or the transaction of other business for this account, subject to conditions printed on bank's deposit ticket. This account, whether active or inactive, shall be subject to the bank's service charges. Cancelled checks and statements may, at the option of the bank, be mailed to depositor's address as shown by the bank's record. Special checking accounts are subject to the rules and regulations governing such accounts, the receipt of copies of which is hereby acknowledged.

____

____

DEPOSITED WITH

Mountain Park National Bank

ACCOUNT NUMBER

________________ 19______

NAME ______________________________

ADDRESS ______________________________

CITY ______________________________

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶		

DEPOSITED WITH

Mountain Park National Bank

ACCOUNT NUMBER

________________ 19______

NAME ______________________________

ADDRESS ______________________________

CITY ______________________________

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶		

BEST COPY AVAILABLE

DEPOSITED WITH

Mountain Park National Bank

ACCOUNT NUMBER

______________ 19______

NAME ______________________

ADDRESS ______________________

CITY ______________________

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶		

DEPOSITED WITH

Mountain Park National Bank

ACCOUNT NUMBER

______________ 19______

NAME ______________________

ADDRESS ______________________

CITY ______________________

FOR BANK ▶ USE

Sign Here For Less Cash

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS NET DEPOSIT ▶		

CHECK ORDER FORMS

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME		CHOICE OF CHECK COLOR OR DESIGN		STARTING NO.
SOCIAL SECURITY NO.		STYLE - QUANTITY		86-00/1090
ADDRESS	PHONE	COVER	☐NO	PT ILLUST. NO.
CITY & STATE	ZIP CODE	TRIAL OFFER		
		SPECIAL INSTRUCTIONS		DATE

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME		CHOICE OF CHECK COLOR OR DESIGN		STARTING NO.
SOCIAL SECURITY NO.		STYLE - QUANTITY		86-00/1090
ADDRESS	PHONE	COVER	☐NO	PT ILLUST. NO.
CITY & STATE	ZIP CODE	TRIAL OFFER		
		SPECIAL INSTRUCTIONS		DATE

MOUNTAIN PARK NATIONAL BANK

|:109000008 |:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME	CHOICE OF CHECK COLOR OR DESIGN	STARTING NO.
SOCIAL SECURITY NO.	STYLE - QUANTITY	86-00/1090
ADDRESS PHONE	COVER [ ]NO	PT ILLUST. NO.
CITY & STATE ZIP CODE	TRIAL OFFER	
	SPECIAL INSTRUCTIONS	DATE

MOUNTAIN PARK NATIONAL BANK

|:109000008|:

ORDER FOR PERSONALIZED CHECKS - REGULAR FULL QUANTITY OR TRIAL OFFER

PLEASE PRINT OR TYPE - ASK CUSTOMER TO REVIEW FOR CORRECTNESS

ACCOUNT NAME	CHOICE OF CHECK COLOR OR DESIGN	STARTING NO.
SOCIAL SECURITY NO.	STYLE - QUANTITY	86-00/1090
ADDRESS PHONE	COVER [ ]NO	PT ILLUST. NO.
CITY & STATE ZIP CODE	TRIAL OFFER	
	SPECIAL INSTRUCTIONS	DATE

MOUNTAIN PARK NATIONAL BANK

|:109000008|:

DEBIT SLIPS

Account Number

DEBIT ____

DATE ____________ APPROVED BY ____________ TOTAL ____________

CREDIT SLIPS

Account Number

CREDIT ____

DATE ____________ APPROVED BY ____________ TOTAL ____________

MOUNTAIN PARK NATIONAL BANK
TELLER'S BLOTTER

TELLER NO. ____________

DATE: ____________

DAILY PROOF				CASH MAKE-UP			
DESCRIPTION	DEBIT TRANSFER	DESCRIPTION	CREDIT TRANSFERS		PACKAGED	LOOSE	TOTAL
CASH PAID OUT		OPENING CASH		Large Currency			
		CASH ON DEPOSITS		Twenties			
				Tens			
				Fives			
				Twos			
				Ones			
				Canadian Currency			
				Mutilated			
				New			
				Silver Dollars			
				Half Dollars			
				Quarters			
				Dimes			
				Nickels			
				Pennies			
CLOSING CASH			Total				
				Cash Over			
TOTAL DEBITS		TOTAL CREDITS		Cash Short			
				Grand Total			

SIGNATURE OF TELLER ____________

77

19 20

BUSINESS FINANCIAL APPLICATIONS

SECTION II

CREDIT ADMINISTRATION

SIMULATIONS

INSTRUCTIONS

This is a simulation prepared for Section II, Units 1 and 2 of the *Business Financial Applications Curriculum Guide*. The simulation should be completed after the study of the reference materials in Section II: **Credit Administration**. Students should have studied and completed all written work for Unit I--**Credit Investigation** and Unit II--**Credit Analysis**. The competency tests following these units should determine whether or not the students are ready for the hands-on simulation.

The simulation is divided into two sections. The one-hour simulation should be completed for a one-semester course. The three-hour simulation should be completed for a one-year course.

This simulation contains the following:

One-Hour Simulation

- **Part 1**

    Read the *Introductory Credit Information* and *Loan Procedures* information sheets provided by Hometown Bank.

    Listen carefully to the Mock Credit Application skit.

    Actively participate in the company's discussion of the skit.

- **Part 2**

    Complete three (3) credit checklists from the two applicant information scenarios provided.

Three-Hour Simulation

- **Part 1**

    Read the *Introductory Credit Information* and *Loan Procedures* information sheets provided by Hometown Bank.

    Listen carefully to the Mock Credit Application skit.

    Actively participate in the company's discussion of the skit.

- **Part 2**

Complete eight (8) credit checklists from the two applicant information scenarios provided.

Analyze each situation to determine whether the credit request should be approved.

Write up a justification providing a basis for each decision.

SPECIFIC INSTRUCTIONS

Part 1

Mock credit application presentation:

Have all the students read the *Introductory Credit Information* sheet and the *Hometown Bank Credit Policy*. This may be used as homework.

Select two students that you feel would do a good job acting out the credit situation provided. You may wish to select students who need extra credit. Instruct them to prepare for the situation as if it is actually taking place.

Have one student serve as the loan officer of Hometown Bank--suggest to the student to dress in a professional manner for the presentation.

Have the other student play Bubba Burns, the loan applicant--suggest to the student to dress appropriate to the character.

Instruct the rest of the students in the class to take notes and critique the loan situation as they listen to the presentation. They will need their notes to participate in the discussion that will take place after the presentation. Students are to look for:

1. Questions that should have been asked
2. Information that was not given

Lead the discussion making sure the students participate.

NOTE: Even though the evaluation sheet stipulates only applications, the students must turn in to you both the applications and the loan checklist for each scenario.

Part 2

Loan scenarios:

Provide students with three loan scenarios, credit reports, checklists and application forms. Have them fill in the checklists for the scenarios and decide whether to extend credit to the customers or not.

MOCK CREDIT APPLICATION PRESENTATION

Bubba Burns, born 4/24/58, has rented his home for the past 6 months for $150 per month. Mr. Burns says he has worked for Texan Unlimited for 1 year and has an income of $1050 per month. Bubba has a checking account at Hometown Bank and a savings account at Intercity Bank. Bubba's application states that there are no judgments or bankrupticies against him. His current list of creditors are:

Company	**Type**	**Original Balance**	**Present Balance**	**Current Payment**
Sears	Revolving	UKN.	$ 500	$ 14
Ford Motor Co.	Installment	$7500	$2500	$160
First City Furn.	Installment	$3000	$1000	$ 50

Bubba wants to make a $3000 unsecured loan to consolidate his bill payments. Monthly payments would be $125.

Credit Bureau Report:

Indicates that Bubba has had a credit record for six years with a total of twelve accounts. The status of these accounts are as follows:

4	paid as agreed	60 days past due:	Ford Motor Company
3	paid unsatisfactorily	120 days past due:	Sears
1	judgment	30 days past due:	First City Furniture
1	foreclosure		

The telephone verification of employment indicates Bubba was laid off two weeks ago. His unemployment compensation is being contested. Hometown Bank file indicates that he has an average balance of $50 in his checking account and 7 NSFs during the current year. Intercity Bank shows no savings account for Bubba Burns. He has had no loans with Hometown Bank; however, he has three applications on file that have all been denied.

ANSWERS

Part 1: Analysis of Bubba Burns--Mock Credit Application

Analysis

Bubba Burns does not meet any of Hometown Bank's loan policy requirements. He should not be approved for this loan because he has a judgment and a foreclosure against him. His current debts are unsatisfactorily being paid and he also lied on his application. He is unable to pay the loan payments because he is currently unemployed with unemployment being contested by the employer.

If Buba Burns' loan was approved, he would probably not make his payments on time. There is also a good possibility that he would default on the loan. One of the reasons for bank failures is the high number of people defaulting on their loans.

Part 2: Analysis of other credit applications

1.	Bill Tucker	Bill Tucker meets all conditions in Hometown Bank's loan policices 1 through 7; therefore, the loan officer should approve this loan.
2.	Tommy Tiger	Due to this customer's failure to meet several of the guidelines including length of employment, unsatisfactory credit history, and collateral not meeting age guideline, the loan officer should reject this loan.
3.	Mrs. Harriett Jones	A review of monthly payments indicates that her present payments exceeds 50% of her salary; her credit report indicates that she is experiencing problems in meeting present payments, and the fact that she has been unable to meet Hometown Bank loan payments satisfactorily, the loan officer should determine that this loan should be rejected.
4.	Joseph Hill	Due to customer having declared bankruptcy, the loan officer should reject this loan.
5.	Gina Roberts	Due to the fact this customer has had a foreclosure within the last year, and desires to borrow the money to loan to a third party, the loan officer should determine that it would be in the customer's best interest to reject this loan.

6.	Charlie Brown	Loan officer added up the customer's present and anticipated payment on his motorhome and determined that his payments would be more than 50% of his salary. Due to high payments, the loan officer should reject this loan.
7.	Carol Burnett	Loan officer determined that the customer met the loan policy requirements. The value of the boat was sufficient to cover the loan, and the loan should be approved.
8.	Jack Harper	Loan policies met 1 through 7 are met and the car value is sufficient to cover the loan. The loan officer should approve the loan.
9.	Tom Bowles	The applicant meets guidelines 1 through 7 of the loan policy, therefore, the loan officer should approve this loan.
10.	Jane Evans	Some of the criteria of the loan policies have not been met satisfactorily, such as length of time on the job, and the fact that Jane has no credit history. But based on bank policy, this loan can be considered as a pledged savings loan, therefore, the loan officer should approve this loan.
11.	Dick Harper	Mr. Harper does not have any collateral to offer, has made slow payments and desires to go to the horse races where possibly he would lose his money. The loan officer should determine that this loan should be rejected.

Name: ____________________ **Grade:** ________

Section: ____________________

Date: ____________________

CREDIT ADMINISTRATION SIMULATION EVALUATION SHEET

Received	**Description**
	Part 1 - Mock Credit Application Presentation
____	Listened attentively to presentation.
____	Actively participated in discussion.
____	Knowledgeable of general credit information and bank loan procedures.
Comments:	

Grades

One-Hour Simulation

Part 1 ____
Part 2 ____
(3)
Grade Average: ________

Three-Hour Simulation

Part 1 ____
Part 2 ____
(8)
Grade Average: ________

Comments:

Received		**Description**
		Part 2 - Credit Checklist (Any Three for One-Hour) (Any Eight for Three-Hour) (Use [ ] for analysis)
____	[ ]	Application 1
____	[ ]	Application 2
____	[ ]	Application 3
____	[ ]	Application 4
____	[ ]	Application 5
____	[ ]	Application 6
____	[ ]	Application 7
____	[ ]	Application 8
____	[ ]	Application 9
____	[ ]	Application 10
____	[ ]	Application 11
Comments:		

HOMETOWN BANK

Your boss Jerrie Green has requested that you thoroughly read the *Introductory Credit Information* and *Loan Procedures Information* sheets prior to the in-service training meeting being held tomorrow in the board room. The officers of your bank will be presenting a mock loan application skit to demonstrate proper and improper procedures for handling credit applicants. They will then hold a discussion concerning the procedures used and will provide you with several applicant situations to practice filling out loan checklists and determining whether or not the applicants would be eligible for a loan.

Listen to the skit and take notes on good and bad points and procedures presented. Be ready to participate actively in the discussion that will follow. Fill out the credit application as the skit is taking place. If you do not have time to fill all of it in, find out the information during the discussion.

You will receive credit application scenarios and credit reports. Please develop the following:

A checklist for each of the scenarios.

A stand on whether or not credit should be granted and provide a basis on which you made your decision.

Submit your materials to your supervisor.

HOMETOWN BANK

INTRODUCTORY CREDIT INFORMATION

Each bank determines its loan policies and gives its loan officers stated amounts of credit authority with which to operate. The loan policy is usually based on the availability of funds and the bank's decisions as to the types of loans it wishes to make.

Banks function within the framework of an entire set of legal restrictions that have been imposed by federal and state governments.

Credit Investigation

Information on individuals and businesses are readily obtainable to use in the decision-making process on credit judgment. A consumer credit investigation usually consists of verifying the applicant's: job, past credit history, income, and outstanding debts.

This verification is usually done by credit bureaus, which are central information services that maintain records of consumer borrowings.

NOTE: **If the bank declines a loan on the basis of unfavorable credit information, it must make that fact known to the applicant and furnish that information to him.**

The bank's own credit department will provide a complete history of the bank's relationship with its customers and contains reports of: interviews, correspondence, data on average balances, overdrafts, previous loans, and internal memoranda.

The loan officer has expert communication skills. Questions need to be asked to obtain accurate information without making the customers feel they are being interrogated. Questions are phrased on personal and financial matters in a friendly, casual manner. The loan officer keeps an open mind and does not form any judgment of the applicants.

The loan officer must comply with procedures required under the Equal Credit Opportunity Act (ECOA), which prohibits discrimination against applicants based on sex, marital status, race, color, religion, national origin, age (providing the applicant has the ability to enter into a binding contract) or receipt of public assistance benefits.

The Credit Report

Credit reports are used to verify the financial information the borrower provided. The credit investigator traces the credit history and obtains credit ratings from both current and past creditors. From personal references, he/she determines how the borrower handled their financial responsibilities and whether or not they have been reliable.

Upon receiving the results of the credit report, the bank spot checks a few of the sources and some of the reported facts. When a bank considers a loan, it follows an established set of credit principles to ensure that all necessary information has been gathered and analyzed.

Credit Analysis

The bank loan officer is responsible for gathering all the information that is available on the proposed borrower and use it to make a credit judgment.

After the credit investigation is completed, the bank personnel must analyze and evaluate all the compiled information. Analysis uses the past and present as reasons to explain what should happen in the future. In the initial interview with the borrower, certain fundamental questions should be answered. For example:

1. What is the requested amount?
2. What is the purpose of the loan?
3. Is the purpose of the loan legal and in conformity with bank policy?
4. For what length of time will the funds be needed?
5. What will be the source of repayment?
6. From all the data, does the bank believe that the borrower will have the ability to repay?
7. Is any type of collateral available?

In extending credit to any borrower, the bank should be satisfied that:

1. The borrower's financial status is sound.
2. The purpose of the loan is legitimate and can be justified.

Every effort to identify the funds from which its repayment will come should be made, regardless of the size or type of loan that is being discussed, with the conclusion that the specific source of repayment will materialize on time, and there are reasonable alternate sources of repayment.

Source of Repayment

1. A farmer may need to borrow funds until harvest time.
2. An applicant for a home mortgage loan or an installment loan should be able to show that his or her regular income will permit regular monthly payments to amortize the loan.
3. A real estate developer must demonstrate that signed leases for space in a new shopping center will generate a cash flow sufficient to meet the bank's repayment schedule.
4. A toy manufacturer may need to borrow to obtain the raw materials to process, display, and sell toys for the Christmas season; the bank's expectation is that the profits from those sales will be sufficient to repay the loan.

Collateral

The general term for all types of security on loans is collateral. Lenders prefer to obtain some form of security that they could attach and put to use in the event of default. For example:

A farmer may assign the value of his land or equipment to a bank;
The buyer of a new automobile may give the bank a security interest in the vehicle;
Home mortgage loans allow the lender to foreclose on the residence if payments are not made;
A business may offer the bank a lien (chattel mortgage) on some of its assets as security for a loan.

The questions on collateral pertain to its marketability:
How easily could the collateral be sold?
What will the yield be if it is sold?
Will the proceeds of the sale eliminate or reduce the loan?

Examples of collateral banks frequently accept are: automobile, mobile home, boat, and pledged savings account. Collateral may strengthen a borrowing situation, but it should never represent the determining factor in the approval of a loan.

Borrowers should be able to repay from income, and the lending bank should not look to the collateral as the justification for extending credit.

HOMETOWN BANK

LOAN POLICIES

Hometown Bank desires to invest its deposits in loans to their customers. It will be the policy of Hometown not to grant loans to non-customers. The following general requirements will be necessary in considering any loan application:

1. Salary of borrower must be sufficient to cover present debt plus payment on new debt, using guideline of total payments per month not exceeding 50% of monthly salary.
2. Borrower must have been on the job at least one year unless change was for promotion in same type work.
3. Credit report with no repossessions, foreclosures, or bankruptcies.
4. Credit report to show in general a good pay habit on present or previous debts.
5. Funds to be used for general purpose that is beneficial to customer.
6. Borrower must have established credit that demonstrates borrowings or credit card transactions to satisfactory record for at least two years.
7. Hometown Bank will consider the following type loans:
    A. Automobile, new to four years old
    B. Boat, new to four years old
    C. Mobile home
    D. Education, government guaranteed
    E. Share loans (pledged savings account used as collateral)
    F. Unsecured (credit and ability to repay must be without question.)
8. Customers not meeting credit history record will be considered for pledged savings loan only.

APPLICATIONS

1. Bill Tucker Application

Bill Tucker, born 4/24/61, owned his home 4 years, works at Jim's Plant Shop, 3 years, with income of $1200.00 per month. He has both checking and savings accounts at Hometown Bank. Listed creditors are: Mastercard, revolving, present balance of $600.00 with payments of $50.00 per month; United Mortgage Company, original balance $50,000, present balance $42,000, payments of $420.00; Department Store, revolving account, present balance of $120.00 payments of $20.00. His application states no judgments or bankruptcies. His request is to borrow $1,000.00 with payments of $150.00 per month to purchase a boat.

2. Tommy Tiger Application

Tommy Tiger, born 6/14/69, rents apartment, 18 months. Previously lived with parents; works for Men's Clothing Store as a salesman for 9 months with income of $100.00 per week plus 5% of sales which averages $200.00 per month. He has no checking or savings account. List of creditors: Gene's Automotive Shop, original balance $250.00, present balance $200.00, monthly payments $50.00; Jewelry Shop, original balance $120.00, present balance $70.00, monthly payments $10.00. No judgements or bankruptcies. Loan request is for $1,000.00 to purchase a 1979 automobile with payments of $30.00 per month.

3. Mrs. Harriet Jones Application

Mrs. Harriet Jones, born 3/15/35, owned home 13 years; employed by Hometown School District for 13 years, salary $1500.00 per month; has bank checking account with Hometown Bank. Creditors include: Credit Union, original balance $1200.00, present balance $800.00, monthly payments $100.00. Visa, revolving credit, present balance $950.00, payments $50.00; Hometown Savings, original balance $56,000.00, present balance $49,000.00 with payments of $620.00 per month; Hometown Bank original credit $1,000.00, present balance $400.00, monthly payments $100.00; Hometown Hospital, original balance $6,000.00, present balance $4,000.00, monthly payments $300.00. Application states no judgment or bankruptcy. She desires to borrow $1,000.00 with payments of $100.00 per month to meet current obligations.

4. Joseph Hill Application

Joseph Hill, born 12/24/50, rents house - six months; with previous address showing seven months. He is employed by Quick Delivery Service, six months, earning $1200.00 per month. Previous position was Gene's Disposal Service for 3 months at $900.00. He has a checking account with Hometown Bank. List of creditors: Mack's Diner, original balance $120.00, present balance $80.00, monthly payments $10.00; Seth's Used Cars, original balance $600.00, present balance $500.00, monthly payments $100.00. No judgments or bankruptcies.

5. Gina Roberts Application

Gina Roberts, born 7/23/24, rents house, 6 months; previous address for 12 years. Retired, retirement and Social Security income of $800.00 per month; previous employment with the Post Office, 20 years. Has checking account with Hometown Bank. Lists no current credit, with previous credit at Gene's Hardware and Local Finance Company. Desires to borrow $5,000.00 with no collateral to loan to her friend Bill.

6. Charlie Brown Application

Charlie Brown, born 1/5/42, owned his home 15 years; is employed by Dr. Jones as office manager for 10 years with an income of $2,000.00 per month. Has both checking and savings with Hometown Bank. List of creditors: GMAC original balance of $10,000, present balance of $8,400.00 with monthly payments $260.00; Big State Mortgage Company, original balance $100,000, present balance $38,000 with monthly payments of $940.00; Mastercard, revolving credit, present balance $3,400.00, payments of $88.00 per month. No judgments or bankruptcy. Request is for $10,000.00 for a motorhome with payments of $600.00.

7. Carol Burnett Application

Carol Burnett, born 6/29/69, rented house 3 years; employed by Gene's Roller Rink for 2 years at a salary of $1000.00 per month. She has no checking or savings account. Listed creditors: Health Spa, original balance $600.00, present balance $480.00, monthly payments $25.00; Department Store, original balance $640.00, present balance $480.00, monthly payments of $28.00 per month; Ford Credit Company, original balance $3,000.00, present balance $2800,00, monthly payments $200.00. No judgments or bankruptcy. Request is for $1,000.00 to be repaid at $100.00 per month to cover wedding expense. She offered to mortgage a one-year-old boat for collateral.

8. Jack Harper Application

Jack Harper, born 9/25/69, rents apartment while in college; previously lived with parents, Employed at local grocery store as night assistant manager, salary $950.00 per month. He has a checking account with Hometown Bank. List of creditors: Motorcycle Shop, original balance $400.00, present balance $100.00, with monthly payments of $50.00. Hometown Bank, original balance $800.00, present balance $90.00 with monthly payments $90.00. No judgments or bankruptcy. Requested loan of $6,000.00 for 2-year-old car with payments of $200.00 per month.

9. Tom Bowles Application

Tom Bowles, born 7/13/42, owned his home 3 years. He has been a pharmacist for Ace Drug Store for 5 years with income of $1500.00 per month. He banks at Hometown Bank with both a checking and a savings account. List of creditors: Hometown Bank, personal loan for his son's education, original balance $1200.00, present balance $300.00, with monthly payments $100.00; ABC Savings and Loan on home, original amount $32,000.00, present balance $20,000.00 monthly payments $360.00; Mastercharge, revolving credit, with balance $240.00 and monthly payment of $20.00. He has no judgment or bankruptcy. His request is to purchase a $10,000.00 auto and borrow $6,000.00 with payments of $200.00 per month. He will use the auto as collateral.

10. Jane Evans Application

Jane Evans, born 10/18/72, lives with her parents at the present address of 10 years. Works for Jim's Gas Station evenings for 6 months as an attendant with monthly income of $400.00. No previous employment. Has savings account at Hometown Bank with $8,000.00 in savings. Has no credit and no other bills. Needs to borrow $300.00 for Senior prom costs. She offers to secure the loan with her savings account with repayment of $100.00 per month.

11. Dick Harper Application

Dick Harper, born 2/02/61, rents apartment, 2 years; is employed as a short-order cook at Humdinger Hamburger, 11 months with an income of $700.00 a month. Prior to this he was a handy man for various homes with no regular income. Has a new checking account at Hometown Bank. His creditors are: Joe's Pawn Shop, original balance $100.00, present balance $50.00, monthly payments $10.00; Jim's Bicycle Shop, original balance $120.00, present balance $60.00, monthly payment $15.00. He has no judgment or bankruptcy. His request is to borrow $500.00 to go to the horse races. He has no collateral.

CREDIT BUREAU REPORTS

1. Bill Tucker Credit Bureau Report:

Indicates that Bill has a record for four years with a total of eight accounts, all paid as agreed. Telephone verified his employment. Hometown Bank file indicates that he has an average of $2,000.00 balance in checking and savings and has no loans with the bank.

2. Tommy Tiger Credit Bureau Report:

Shows two accounts, with one, two months past due, the other too new to rate. In direct telephone call to Gene's Automotive Shop, he has not made a payment for two months and was rated unsatisfactory. Telephone verified employment. Hometown Bank file has no record.

3. Mrs. Harriett Jones Credit Bureau Report:

Shows five accounts, three being paid as satisfactory, one being paid within 30 days, one being paid 60 to 90 days late. By telephone, her job was verified. Checked Hometown Bank file which indicates she has checking account with an average balance of $500.00; two previous loans - one paid as agreed, and one presently open running 30 days slow.

4. Joseph Hill Credit Bureau Report:

Reveals bankruptcy was filed two years ago. Three creditors had reported charge-offs of balance unsatisfactory. No other credit checked after this report.

5. Gina Roberts Credit Bureau Report:

Shows a foreclosure 10 months ago by Big City Auto; 3 previous credits 10 to 30 days late. Hometown Bank file shows $300.00 average balance in her checking account, and no loan history.

6. Charlie Brown Credit Bureau Report:

Indicates three creditors all being paid as agreed, with total payments listed as $1288.00 all being paid satisfactory. Verified employment; Hometown Bank file indicates checking and savings with a total balance of $1200.00, two paid-in-full loans, paid a little slow but satisfactory.

7. Carol Burnett Credit Bureau Report:

Indicates all credit being paid satisfactory. Telephone verification of employment, it was learned that borrower is to marry Dr. Thomas. Hometown Bank files showed no record.

8. Jack Harper Credit Bureau Report:

Shows 2 credits, both being paid satisfactory. Employment verified. Bank files shows that he has a satisfactory checking account with an average balance of $1200.00, one loan for college tuition with one payment remaining being paid as agreed.

9. Tom Bowles Credit Bureau Report:

Shows 3 items all paid satisfactory. Called the employer and verified income and time on the job. Hometown Bank files indicates that checking and savings maintains an average balance of $3,000.00; he has had 3 previous loans all paid satisfactory and his loan with the bank currently is paid satisfactory.

10. Jane Evans Credit Bureau Report:

No record found. Verified employment. Checked with principal of school, learned that Jane is an A student. Checked bank files, verified $8,000.00 in savings account.

11. Dick Harper Credit Bureau Report:

Shows that he has 3 accounts, 1 paid satisfactory, other 2 shows paid very slow. Hometown Bank file indicates he opened his checking account the previous week in the amount of $200.00. No other records.

HOMETOWN BANK

CREDIT APPLICATION

Name: ____________ Phone: ________ Date Of Birth: ________

Home Address: ____________

Years at Present Address: ____ Own: ____ Rent: ____ Previous Address: ____________ Years: ____

Present Employer: ____________

Address: ____________ Phone: ________ Years: ____

Position: ____________ Monthly Income: ________

Previous Employer: ____________

Address: ____________ Phone: ________ Years: ____

Position: ____________ Monthly Income: ________

Present Bank: ____________

Address: ____________ Phone: ________ Years: ____

Checking Account No.: ____________ Savings Account No.: ____________

Outstanding Debts:

CREDITOR:	ACCOUNT NUMBER:	ORIGINAL AMOUNT:	PRESENT BALANCE:	MONTHLY PAYMENTS:

Are there any unsatisfied judgments against you? ____ No ____ Yes

If yes, for whom? ____________ To whom? ____________

Have you been declared bankrupt in the last 10 years? ____ No ____ Yes

If yes, where? ____________ Year? ________

I wish to borrow $ ________ Desired payments: $ ________ per month For the purpose of: ____________

I offer the following collateral to secure this credit: ____________

I certify that everything stated in this application and on any attachments is correct. You may keep this application whether or not it is approved. By signing below I authorize you to check my credit and employment history and to answer questions others may ask you about my credit record with you. I understand that I must update credit information at your request if my financial condition changes.

____________ Applicant's Signature ________ Date

____________ Other Signature (Where Applicable) ________ Date

BEST COPY AVAILABLE

HOMETOWN BANK

LOAN CHECKLIST

Applicant's Name ____________________

Check appropriate loan type in the space provided:

☐ Auto
☐ Education
☐ Boat
☐ Share
☐ Mobile Home
☐ Unsecured

Place an X in the blank provided by each Bank Policy requirement that is met:

☐ 1. Salary of borrower must be sufficient to cover present plus payment on new debt, using guidelines of total payments per month, not exceeding 50% of monthly salary.
Comments:

☐ 2. Borrower must have been on the job at least one year unless change was for promotion in the same type of work.
Comments:

☐ 3. Credit report with no repossessions, foreclosure, or bankruptcies.
Comments:

☐ 4. Credit report to show in general a good pay habit on present or previous debts.
Comments:

☐ 5. Funds to be used for general purpose that is beneficial to customer.
Comments:

☐ 6. Borrower must have established credit that demonstrates borrowings or credit card transactions to satisfactorily record for at least two years.
Comments:

☐ 7. Customers not meeting credit history record will be considered for pledged savings loan only.
Comments:

BUSINESS FINANCIAL APPLICATIONS

SECTION III

LOANS

SIMULATIONS

INSTRUCTIONS

This is a simulation prepared for Section III, Units 1 and 2 of the *Business Financial Applications Curriculum Guide*. The simulation should be completed after the study of the reference materials in Section III: **Loans**. Students should have studied and completed all written work for Unit I--**Types and Purposes of Loans** and Unit II--**Interest Calculations**. The competency tests following these units should determine whether or not the students are ready for the hands-on simulation.

The simulation is divided into two sections. The one-hour simulation should be completed for a one-semester course. The three-hour simulation should be completed for a one-year course.

This simulation contains the following:

One-Hour Simulation

- Part 1 Complete the research on loans (1-5).
- Part 2 Complete six (6) of the loan applications using the loan checklist.

Three-Hour Simulation

- Part 1 Complete the research on loans (1-5).
- Part 2 Complete all twelve (12) of the loan applications using the loan checklists.
- Part 3 Complete the interest calculation problem (A - C).

ANSWERS

Part 1: **Since answers may vary, the following answers are suggested guidelines.**

1.

A. Commercial and industrial loans
- a) A business
- b) (1) Capital funds for merchandise
  - (2) Operating expenses
  - (3) Equipment

B. Commercial mortgage loans
- a) A business
- b) (1) An apartment building
  - (2) An office building
  - (3) A shopping center

C. Construction loans
- a) An individual or a business
- b) (1) Purchase land
  - (2) Build a home
  - (3) Build a commercial building

D. Residential mortgage loans
- a) An individual
- b) (1) A home
  - (2) A duplex
  - (3) A townhouse

E. Consumer loans
- a) An individual
- b) (1) Purchase consumer goods
  - (2) Payment of borrowed funds
  - (3) Bank cards

F. Participation and interbank loans
- a) A business
- b) (1) A loan too large for one bank
  - (2) Extend credit to another bank

G. Agricultural loans
- a) An individual
- b) (1) A farmer's operating expenses
  - (2) A rancher's operating expenses

2. Consumer loan

   (1) Safety

   (2) Convenience

   (3) Can be used instead of an installment loan

3.

Individual	Business
(1) Auto	(1) Machinery
(2) Home	(2) Land
(3) Boat	(3) Profits

4. 1)

Conventional Loans	Alternative Mortgage Instruments
(1) Fixed-rate	(1) Graduated payment
(2) Simple interest	(2) Adjustable rate

   2) Evaluated to the satisfaction of the instructor.

5. Evaluated to the satisfaction of the instructor.

Part 2:

1.	**Type of loan**	Individual
	Purpose of loan	To purchase a car
	Type of loan	Consumer
	Loan principal	$9,500
	Loan time factor	4 years
	Type of collateral	Car
	Reasoning	Evaluated to the satisfaction of the instructor
2.	**Type of loan**	Business
	Purpose of loan	For operating expenses on his livestock
	Type of loan	Agricultural
	Loan principal	$15,000
	Loan time factor	After the sale of the livestock
	Type of collateral	Unknown
	Reasoning	Evaluated to the satisfaction of the instructor
3.	**Type of loan**	Business
	Purpose of loan	To purchase a machine
	Type of loan	Commercial and industrial
	Loan principal	$75,000
	Loan time factor	10 years
	Type of collateral	Machine
	Reasoning	Evaluated to the satisfaction of the instructor
4.	**Type of loan**	Individual
	Purpose of loan	To purchase a home
	Type of loan	Residential mortgage
	Loan principal	$68,000
	Loan time factor	15 years
	Type of collateral	The right to foreclose
	Reasoning	Evaluated to the satisfaction of the instructor
5.	**Type of loan**	Individual
	Purpose of loan	To build a barn
	Type of loan	Construction
	Loan principal	$20,000
	Loan time factor	5 years
	Type of collateral	Unknown
	Reasoning	Evaluated to the satisfaction of the instructor
6.	**Type of loan**	Business
	Purpose of loan	To purchase a company
	Type of loan	Participation and interbank
	Loan principal	$55 million
	Loan time factor	Unknown
	Type of collateral	Profits in future years
	Reasoning	Evaluated to the satisfaction of the instructor

7.	**Type of loan**	Business
	Purpose of loan	To purchase property
	Type of loan	Commercial mortgage
	Loan principal	$125,000
	Loan time factor	5 years
	Type of collateral	Land
	Reasoning	Evaluated to the satisfaction of the instructor
8.	**Type of loan**	Individual
	Purpose of loan	Personal
	Type of loan	Consumer
	Loan principal	$1500
	Loan time factor	Indefinite
	Type of collateral	None
	Reasoning	Evaluated to the satisfaction of the instructor
9.	**Type of loan**	Business
	Purpose of loan	Line of credit
	Type of loan	Commercial and industrial
	Loan principal	$50,000
	Loan time factor	Indefinite
	Type of collateral	None
	Reasoning	Evaluated to the satisfaction of the instructor
10.	**Type of loan**	Business
	Purpose of loan	For operating expenses
	Type of loan	Agricultural
	Loan principal	$20,000
	Loan time factor	After the sale of the cotton
	Type of collateral	Unknown
	Reasoning	Evaluated to the satisfaction of the instructor
11.	**Type of loan**	Business
	Purpose of loan	To purchase a shopping mall
	Type of loan	Commercial mortgage
	Loan principal	$2 million
	Loan time factor	25 years
	Type of collateral	The shopping mall
	Reasoning	Evaluated to the satisfaction of the instructor
12.	**Type of loan**	Individual
	Purpose of loan	To purchase two duplexes
	Type of loan	Residential mortgage
	Loan principal	$75,000
	Loan time factor	20 years
	Type of collateral	The right to foreclose
	Reasoning	Evaluated to the satisfaction of the instructor

CREDIT ANALYSIS FOR PURCHASING $3,500 CAR

Situations	Apr	Interest Paid	Payment Per Month	Principal Financed
1	18%	$450.80	$245.84	$2,500
2	14%	$490.00	$332.50	$3,500
3	14%	$756.00	$144.00	$2,700

Suggested credit analysis: (The students may choose any of the three. The answers may vary.)

1. The interest rate is higher than (2) or (3); however, the interest paid and the payments are lower. The down-payment is also higher which may be a disadvantage.
2. The only advantage with this option is that the bank will finance the entire amount with no down-payment.
3. The payments are low and the down-payment is less than (1). The interest paid is more than (1) or (2), but more time for repayment is involved.

Name: ____________________ **Grade:** ________

Section: ____________________

Date: ____________________

LOANS SIMULATION EVALUATION SHEET

Received **Description**

One-Hour Simulation

____ **Research on loans**

____ Loan applications

____ Application 1
____ Application 2
____ Application 3
____ Application 4
____ Application 5
____ Application 6

Comments:

Grades

One-Hour Simulation

Research loans ____

Loan applications ____

Grade Average: ____

Received **Description**

Three-Hour Simulation

____ **Research on loans**

____ **Loan Applications**
____ Application 1
____ Application 2
____ Application 3
____ Application 4
____ Application 5
____ Application 6
____ Application 7
____ Application 8
____ Application 9
____ Application 10
____ Application 11
____ Application 12

Comments:

Grades

Three-Hour Simulation

Research on loans ____
Loan Applications ____
Interest Calc. problem ____
Grade Average: ____

CITY STATE BANK

Welcome to your first day on the job at City State Bank. Your job title is assistant to the loan officer, Mr. Barnes. He is very energetic and is expecting you to know a lot about loans in a short amount of time. You really want to be prepared, and you would like to impress Mr. Barnes on your first day at CSB. You decide to complete the following research to help you better understand loans.

Part 1

INSTRUCTIONS: Use the Loan Information form to complete your research.

1. For each of the following, **(a)** give an example of who would use that particular loan and then **(b)** give three (3) examples (when possible) for what purposes your bank would make the following loans:

    A. Commercial and industrial loans
    B. Commercial mortgage loans
    C. Construction loans
    D. Residential mortgage loans
    E. Consumer loans
    F. Participation and interbank loans
    G. Agricultural loans

2. Your bank sponsors a VISA credit card. What type of loan is the credit card? List three reasons why a person would use a credit card.

3. List three (3) examples of collateral that may be used on individual loans and three (3) examples of collateral a business would use when obtaining a loan from your bank.

4. You have found out that Mr. Barnes is especially interested in helping the bank carry a large portfolio of home mortgage loans. This is your chance to really impress him.

    1) List two (2) examples of the two basic categories of mortgage loans.
    2) What types of families would be interested in obtaining the loans?

        (a) Conventional loans

        (b) Alternative mortgage instruments

5. How could City State Bank creatively advertise in order for these families in #4 to come to you for a home loan?

LOAN INFORMATION

Part 1

1.

A. Commercial and industrial loans
  a)
  b)
    (1)
    (2)
    (3)

B. Commercial mortgage loans
  a)
  b)
    (1)
    (2)
    (3)

C. Construction loans
  a)
  b)
    (1)
    (2)
    (3)

D. Residential mortgage loans
  a)
  b)
    (1)
    (2)
    (3)

E. Consumer loans
  a)
  b)
    (1)
    (2)
    (3)

F. Participation and interbank loans
  a)
  b)
    (1)
    (2)
    (3)

G. Agricultural loans
  a)
  b)
    (1)
    (2)
    (3)

2. VISA credit card loan type:

(1)

(2)

(3)

3.	Individual		Business
(1)		(1)	
(2)		(2)	
(3)		(3)	

4. 1)	Conventional Loans		Alternative Mortgage Instruments
(1)		(1)	
(2)		(2)	
(3)		(3)	

2)

5. Ideas for creative advertising for home loans:

Part 2

Mr. Barnes has given you twelve loan applicants. He would like you to:

- Determine which type of loan each applicant wishes.
- Complete a checklist for each application so that he can determine which loan areas you need to review further.

APPLICATIONS

1. John Salem wishes to buy a new car. The list price of the car is $12,500. He will use the $1000 manufacturer's rebate as part of his down-payment and he will also put down another $2000 of his own personal funds. Mr. Salem is requesting a four-year loan.

2. Samuel Ways would like to borrow $15,000 to use until he sells his steers. He is currently operating on last year's profits. He will repay the loan as soon as he sells his stock.

3. J and B Machinery wishes to purchase a new machine that will increase their production by 15%. The machine will cost $75,000. The loan will be paid over a ten-year period.

4. James and Sarah Anthony have found their "dream" home. The purchase price is $68,000. They would like to pay the loan off over a period of fifteen years. The house is on three acres of land.

5. Wyman Hill is building a barn on his farm. He needs $20,000; however, he wants the money paid out as it is needed for the building supplies for the contractors. He will repay the loan over a period of five years.

6. J. R. Ewing is planning a merger/take-over. He needs $55 million. He wants the money as soon as possible. He will repay the loan from his profits each year until the loan is repaid.

7. EXCAV Inc. wishes to purchase 75,000 acres of land for $125,000 so that they can mine for coal. A deep vein of coal has been found on this property. It will take about three years to remove the coal. After mining the coal, EXCAV is proposing to replant the acreage. They wish to defer the loan for six months and then begin paying the loan off over a period of five years.

8. Jackie Raymond is an accountant. She has been working for the same company for seven years. Her monthly gross salary is $3000. She is single and pays $300 a month for rent on her home. Her car is a 1988 Mercury Cougar which is clear of debt. She is requesting a $1500 line of credit or a $1500 unsecured loan for personal reasons.

9. Gary Huff is self-employed. He has been doing well for the last five years. His company is currently grossing $20,000 a month. His net income is between $7,000 and $10,000 a month. He is currently looking for better deals with larger suppliers. He is requesting a $50,000 line of credit for his company.

10. Gerald Hunt wishes to borrow $20,000 so that he can pay his operating expenses on his cotton farm. He will pay the loan off when he sells his cotton.

11. Magnolia Corporation recently decided to diversify. It has acquired an apartment complex, a dairy farm, and a new office building. Magnolia is now bidding for a small shopping mall at the edge of town. The asking price of the mall is $2.5 million. Magnolia has been a good customer. The dairy farm is completely paid for and the apartment complex is already showing a profit. Magnolia is currently using part of the office building, but it has rented most of the available space. Magnolia wants to put down $500,000 on the mall and finance $2 million. It will pay the loan over a period of 25 years.

12. Robert and Reba Ryan are requesting a loan for $75,000 to purchase two duplexes. The duplexes sit side-by-side. Both have driveways and garages. They each sit on two lots. They are located within the city limits and have been appraised for $100,000. The interest rate will be 12% but can be adjusted 4 points up and will have a floor of 10%. The Ryans are requesting a 20-year loan.

LOAN CHECKLISTS

CITY STATE BANK

LOAN CHECKLIST

Applicant's Name: ____________________ No. __________

☐ **Type of loan:**
  - ☐ Individual applicant
  - ☐ Business applicant

☐ **Purpose of the loan:**

☐ **Type of loan requested:**
  - ☐ Commercial and industrial loan
  - ☐ Commercial mortgage loan
  - ☐ Construction loan
  - ☐ Residential mortgage loan
  - ☐ Consumer loan
  - ☐ Participation and interbank loans
  - ☐ Agricultural loans

☐ **Loan principal:**

☐ **Loan time factor:**

☐ **Type of collateral:**

☐ **Provide reason for selecting the type of loan. (Use an example from the situation given.)**

CITY STATE BANK

LOAN CHECKLIST

Applicant's Name: ____________________ No. __________

☐ **Type of loan:**
  - ☐ Individual applicant
  - ☐ Business applicant

☐ **Purpose of the loan:**

☐ **Type of loan requested:**
  - ☐ Commercial and industrial loan
  - ☐ Commercial mortgage loan
  - ☐ Construction loan
  - ☐ Residential mortgage loan
  - ☐ Consumer loan
  - ☐ Participation and interbank loans
  - ☐ Agricultural loans

☐ **Loan principal:**

☐ **Loan time factor:**

☐ **Type of collateral:**

☐ **Provide reason for selecting the type of loan. (Use an example from the situation given.)**

Part 3

1. After several days on the job, Mr. Barnes is very pleased with your work, and has given you a special personal project to research. His nephew, Michael, wants to buy a used car. Mr. Barnes wants you to do some analysis work and come up with the best value using the following information.

   a. The least amount of interest
   b. Maximum $1,000 down payment
   c. Value of the car is $3,500

   In researching this project you find that Michael may have the following options:

   A. Alfred Ono, the owner of Ono Used Cars will finance the $3,500 car himself. He would require $1,000 as a down-payment and Michael's payments would be $245.84 a month for twelve months.

   B. The City State Bank has agreed to finance the entire amount of $3500 for the car would require no down-payment. Michael's payments would be $332.50 a month for twelve months.

   C. Mr. Barnes has agreed personally to finance the $3,500 car for Michael. Michael has $800 that he would like to pay on the car and he would borrow $2,700 from his uncle. Mr. Barnes would charge 14% interest rate, and Michael would pay him back over two years.

2. For each of the above situations, determine the following and record your findings on the chart provided. This will allow Mr. Barnes and his nephew an easy way of determining which is the best deal.

   - Determine the actual rate of interest for each case. You know that the formula for calculating the interest rate is R = I/P x T.
   - Determine how many dollars Michael would be paying in interest for each case.
   - Fill in the table on the next page. Be sure your handwriting is neat and legible.
   - Determine the best value.
   - Below the form, type a short paragraph justifying your decision.
   - After completing the above, give the form to Mr. Barnes.

CREDIT ANALYSIS FOR PURCHASING $3,500 CAR

Situations	Apr	Interest Paid	Payment Per Month	Principal Financed
1				
2				
3				

SECTION IV

LEGAL ASPECTS OF BANKING AND OTHER FINANCIAL INSTITUTIONS

SIMULATIONS

INSTRUCTIONS

This is a simulation prepared for Section IV, Units 1, 2 and 3 of the *Business Financial Applications Curriculum Guide*. The simulation should be completed after the study of the reference materials in Section IV: **Legal Aspects of Banking and Other Financial Institutions.** Students should have studied and completed all written work for Unit I--**Customer and Consumer Services,** Unit II--**Savings and Loan Operations** and Unit III--**Credit Union Operations.** The competency tests following these units should determine whether or not the students are ready for the hands-on simulation.

The simulation is divided into two sections. The one-hour simulation should be completed for a one-semester course. The three-hour simulation should be completed for a one-year course.

This simulation contains the following:

One-Hour Simulation

- Evaluation of the loan senarios

Three-Hour Simulation

- Evaluation of the loan senarios
- Consultation reports
- Comparisons of financial services

ANSWERS

Situations	Amount of Money	Chart Used
1. Grandfather, Grandmother, and One Grandchild	$600,000	D
2. Husband and Wife	$450,000	A
3. Grandfather, Grandmother, and One Grandchild	$700,000	D
4. Husband and Wife	$1,000,000	A

1. **Grandfather, Grandmother, and One Grandchild** **$600,000** D

Decision: ☑ Insured ☐ Not fully insured
Justification:

2. **Husband and Wife** **$450,000** A

Decision: ☑ Insured ☐ Not fully insured
Justification:

3. **Grandfather, Grandmother, and One Grandchild** **$700,000** D

Decision: ☑ Insured ☐ Not fully insured
Justification:

4. **Husband and Wife** **$1,000,000** A

Decision: ☐ Insured ☑ Not fully insured
Justification:

Situations	Amount of Money	Chart Used
5. **Husband and Wife**	**$1,400,000**	A

Decision: ☐ Insured ☑ Not fully insured
Justification:

Situations	Amount of Money	Chart Used
6. **Grandparent and Two Grandchildren**	**$1,000,000**	F

Decision: ☐ Insured ☑ Not fully insured
Justification:

Situations	Amount of Money	Chart Used
7. **Husband, Wife and Two Children**	**$800,000**	C

Decision: ☑ Insured ☐ Not fully insured
Justification:

Situations	Amount of Money	Chart Used
8. **Grandfather, Grandmother, and One Grandchild**	**$600,000**	D

Decision: ☑ Insured ☐ Not fully insured
Justification:

Situations	Amount of Money	Chart Used
9. **Husband and Wife**	**$1,000,000**	A

Decision: ☐ Insured ☑ Not fully insured
Justification:

	Situations		Amount of Money	Chart Used
10.	**Husband, Wife and One Child**		**$1,400,000**	E
	Decision: **Justification:**	☐ Insured	☑ Not fully insured	
11.	**Husband, Wife, and One Child**		**$600,000**	E
	Decision: **Justification:**	☑ Insured	☐ Not fully insured	
12.	**Parent and One Child**		**$400,000**	B
	Decision: **Justification:**	☑ Insured	☐ Not fully insured	
13.	**Husband, Wife and One Child**		**$2,000,000**	E
	Decision: **Justification:**	☐ Insured	☑ Not fully insured	
14.	**Parent and One Child**		**$500,000**	B
	Decision: **Justification:**	☐ Insured	☑ Not fully insured	

	Situations	Amount of Money	Chart Used
15.	**Grandparent and Two Grandchildren**	**$650,000**	F
	Decision: ☑ Insured ☐ Not fully insured **Justification:**		
16.	**Grandfather, Grandmother, and One Grandchild**	**$1,200,000**	D
	Decision: ☐ Insured ☑ Not fully insured **Justification:**		
17.	**Husband and Wife**	**$600,000**	A
	Decision: ☐ Insured ☑ Not fully insured **Justification:**		
18.	**Parent and One Child**	**$1,400,000**	B
	Decision: ☐ Insured ☑ Not fully insured **Justification:**		
19.	**Husband, Wife and One Child**	**$1,000,000**	E
	Decision: ☑ Insured ☐ Not fully insured **Justification:**		

	Situations	Amount of Money	Chart Used
20.	**Husband, Wife and Two Children** **Decision:** [✓] Insured **Justification:**	**$1,000,000** [ ] Not fully insured	C
21.	**Grandparent and Two Grandchildren** **Decision:** [✓] Insured **Justification:**	**$800,000** [ ] Not fully insured	F
22.	**Parent and One Child** **Decision:** [✓] Insured **Justification:**	**$350,000** [ ] Not fully insured	B
23.	**Husband and Wife** **Decision:** [✓] Insured **Justification:**	**$500,000** [ ] Not fully insured	A
24.	**Grandparent and Two Grandchildren** **Decision:** [✓] Insured **Justification:**	**$400,000** [ ] Not fully insured	F

Consultation Reports: Answers may vary. The following are suggested recommendations.

1. The recommendation should be to deposit their money in the credit union. Since Rachel and Raymond are married she is also eligible to be a member of the credit union.

2. Jayne Harris should deposit her money in the credit union because her money is insured up to $100,000 by the FDIC.

3. The Murdock's want services that only a savings and loan association can offer. A credit union does not have interest-bearing checking accounts.

4. Mr. Chambers would come out ahead if he were to finance a new car through the credit union because the interest rate is lower.

5. Mr. Gates cannot just become a member of a credit union. His employer or one of his family members must be a member of the credit union. You will have to recommend a savings and loan.

6. Since the credit union is offering 7.5 percent on her C. D., your first reaction would be to recommend placing her money in the credit union. After further consideration, you recommend that, since Miss Cintron wants to keep her new accounts together, she should purchase her C. D. and open her I. R. A. at the savings and loan. Even though the interest rate is lower at the savings and loan, the amount lost is insignificant.

7. The Masons are correct by saying that the interest rates are lower at the credit union. You will have to explain that credit unions do not normally make home loans. They will have to finance their home at the savings and loan.

8. Both offers are attractive; however, the credit union has a better offer. The credit union is willing to release her funds as she pays off the loan. Miss Clary won't have to rollover her C. D.s at maturity. You recommend the credit union.

9. Since Miss Dwyer said nothing about a credit union, you must recommend the savings and loan. Traveler's checks, automatic transfers, and wire transfers are all services that a savings and loan can perform.

10. Mr. McComb would get a better interest rate at the credit union on his C. D. s. He would have to become a member first; therefore, you recommend that he allows his employer to use payroll deduction to deposit $75 a week to a savings account at the credit union. Credit unions, however, do not offer bank card services. He would have to apply for the bank card at the savings and loan. His I. R. A. would also have to be opened at the savings and loan.

Part 3

Evaluated to the satisfaction of the instructor.

Name: ______________________ Grade: ________

Section: ______________________

Date: ______________________

LEGAL ASPECTS OF BANKING AND OTHER FINANCIAL INSTITUION ACTIVITIES

SIMULATION EVALUATION SHEET

Received	Description
	Part 1
____	**Loan Scenarios**
____	Situation 1
____	Situation 2
____	Situation 3
____	Situation 4
____	Situation 5
____	Situation 6
____	Situation 7
____	Situation 8
____	Situation 9
____	Situation 10
____	Situation 11
____	Situation 12
____	Situation 13
____	Situation 14
____	Situation 15
____	Situation 16
____	Situation 17
____	Situation 18
____	Situation 19
____	Situation 20
____	Situation 21
____	Situation 22
____	Situation 23
____	Situation 24

Comments:

Received	Description
	Part 2
____	**Consultations**
____	Consultation 1
____	Consultation 2
____	Consultation 3
____	Consultation 4
____	Consultation 5
____	Consultation 6
____	Consultation 7
____	Consultation 8
____	Consultation 9
____	Consultation 10

Comments:

Received	Description
	Part 3
____	**Services**
____	One-page paper

Comments:

Evaluation Sheet

Grades
One-Hour Simulation

Scenarios ____

Grade Average: ____

Grades
Three-Hour Simulation

Scenarios ____

Consultations ____

Services ____

Grade Average: ____

EDWARD J. ARTHUR FINANCIAL SERVICES

You are a financial planning consultant working for Edward J. Arthur's Financial Services. One of your primary responsiblities is assisting customers in making decisions on their investments and to provide assurance that their funds are perfectly safe. Periodically, to keep your skills sharp and available at a moments notice, your company provides you with sample situations for you to make decisions on. Using the ***What Deposit Insurance Means to You and Your Family*** and the scenario sheets, place your responses in the space provided.

WHAT DEPOSIT INSURANCE MEANS TO YOU AND YOUR FAMILY

Changes in banking laws in recent years have made it possible for financial insitutions to offer a practically unlimited variety of savings plans including Certificates and Money Market Accounts, making it possible to keep your money in one place and be assured that your savings are fully insured.

HOW HUSBAND AND WIFE MAY HAVE INSURED ACCOUNTS TOTALING $500,000

Individual Accounts:		
Husband	$100,000	
Wife	$100,000	
Joint Account:*		
Husband and Wife	$100,000	
Revocable Trusts:		
Husband as Trustee for Wife	$100,000	
Wife as Trustee for Husband	$100,000	
* **Joint account with right of survivorship**	**$500,000**	A

HOW A PARENT AND ONE CHILD MAY HAVE INSURED ACCOUNTS TOTALING $400,000

Individual Accounts:		
Parent	$100,000	
Child	$100,000	
Joint Account:*		
Parent and Child	$100,000	
Revocable Trusts:		
Parent as Trustee for child	$100,000	
* **Joint account with right of survivorship**	**$400,000**	B

HOW HUSBAND, WIFE AND TWO CHILDREN MAY HAVE INSURED ACCOUNTS TOTALING $1,400,000

Individual Accounts:		
Husband	$ 100,000	
Wife	$ 100,000	
Child Number One	$ 100,000	
Child Number Two	$ 100,000	
Joint Account:*		
Husband and Wife	$ 100,000	
Husband and Child Number One	$ 100,000	
Wife and Child Number Two	$ 100,000	
Child Number One and Child Number Two	$ 100,000	
Revocable Trusts:		
Husband as Trustee for Wife	$ 100,000	
Husband as Trustee for Child Number One	$ 100,000	
Husband as Trustee for Child Number Two	$ 100,000	
Wife as Trustee for Husband	$ 100,000	
Wife as Trustee for Child Number One	$ 100,000	
Wife as Trustee for Child Number Two	$ 100,000	
* **Joint account with right of survivorship**	**$1,400,000**	C

HOW A GRANDFATHER, GRANDMOTHER AND A GRANDCHILD MAY HAVE INSURED ACCOUNTS TOTALING $1,000,000

Individual Accounts:		
Grandfather	$ 100,000	
Grandmother	$ 100,000	
Grandchild	$ 100,000	
Joint Account:*		
Grandfather and Grandmother	$ 100,000	
Grandfather and Grandchild	$ 100,000	
Grandmother and Grandchild	$ 100,000	
Revocable Trusts:		
Grandfather as Trustee for Grandmother	$ 100,000	
Grandfather as Trustee for Grandchild	$ 100,000	
Grandmother as Trustee for Grandfather	$ 100,000	
Grandmother as Trustee for Grandchild	$ 100,000	
* **Joint account with right of survivorship**	**$1,000,000**	D

HOW HUSBAND, WIFE AND ONE CHILD MAY HAVE INSURED ACCOUNTS TOTALING $1,000,000

Individual Accounts:		
Husband	$ 100,000	
Wife	$ 100,000	
Child	$ 100,000	
Joint Account:*		
Husband and Wife	$ 100,000	
Husband and Child	$ 100,000	
Wife and Child	$ 100,000	
Revocable Trusts:		
Husband as Trustee for Wife	$ 100,000	
Husband as Trustee for Child	$ 100,000	
Wife as Trustee for Husband	$ 100,000	
* **Joint account with right of survivorship**	**$1,000,000**	E

HOW A GRANDPARENT AND TWO GRANDCHILDREN MAY HAVE INSURED ACCOUNTS TOTALING $500,000

Individual Accounts:		
Grandparent	$100,000	
Grandchild Number One	$100,000	
Grandchild Number Two	$100,000	
Joint Account:*		
Grandparent and Grandchild Number One	$100,000	
Grandparent and Grandchild Number Two	$100,000	
Grandchild No. One and Grandchild No. Two	$100,000	
Revocable Trusts:		
Grandparent as Trustee for Grandchild No. One	$100,000	
Grandparent as Trustee for Grandchild No. Two	$100,000	
* **Joint account with right of survivorship**	**$800,000**	F

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SCENARIO CHART

Situations	Amount of Money	Chart Used
1. Grandfather, Grandmother, and One Grandchild	$600,000	______

Decision: [ ] Insured [ ] Not fully insured
Justification:

2. Husband and Wife	$450,000	______

Decision: [ ] Insured [ ] Not fully insured
Justification:

3. Grandfather, Grandmother, and One Grandchild	$700,000	______

Decision: [ ] Insured [ ] Not fully insured
Justification:

4. Husband and Wife	$1,000,000	______

Decision: [ ] Insured [ ] Not fully insured
Justification:

5. Husband and Wife	$1,400,000	______

Decision: [ ] Insured [ ] Not fully insured
Justification:

Situations	Amount of Money	Chart Used
6. Grandparent and Two Grandchildren **Decision:** [ ] Insured [ ] Not fully insured **Justification:**	**$1,000,000**	____
7. Husband, Wife and Two Children **Decision:** [ ] Insured [ ] Not fully insured **Justification:**	**$800,000**	____
8. Grandfather, Grandmother, and One Grandchild **Decision:** [ ] Insured [ ] Not fully insured **Justification:**	**$600,000**	____
9. Husband and Wife **Decision:** [ ] Insured [ ] Not fully insured **Justification:**	**$1,000,000**	____
10. Husband, Wife and One Child **Decision:** [ ] Insured [ ] Not fully insured **Justification:**	**$1,400,000**	____

Situations	Amount of Money	Chart Used
11. **Husband, Wife, and One Child**	**$600,000**	______
12. **Parent and One Child**	**$400,000**	______
13. **Husband, Wife and One Child**	**$2,000,000**	______
14. **Parent and One Child**	**$500,000**	______
15. **Grandparent and Two Grandchildren**	**$650,000**	______

11. **Husband, Wife, and One Child** — **$600,000**

Decision: ☐ Insured ☐ Not fully insured
Justification:

12. **Parent and One Child** — **$400,000**

Decision: ☐ Insured ☐ Not fully insured
Justification:

13. **Husband, Wife and One Child** — **$2,000,000**

Decision: ☐ Insured ☐ Not fully insured
Justification:

14. **Parent and One Child** — **$500,000**

Decision: ☐ Insured ☐ Not fully insured
Justification:

15. **Grandparent and Two Grandchildren** — **$650,000**

Decision: ☐ Insured ☐ Not fully insured
Justification:

	Situations	Amount of Money	Chart Used
16.	**Grandfather, Grandmother, and One Grandchild**	**$1,200,000**	____
17.	**Husband and Wife**	**$600,000**	____
18.	**Parent and One Child**	**$1,400,000**	____
19.	**Husband, Wife and One Child**	**$1,000,000**	____
20.	**Husband, Wife and Two Children**	**$1,000,000**	____

16. **Grandfather, Grandmother, and One Grandchild** **$1,200,000**

Decision: [ ] Insured [ ] Not fully insured
Justification:

17. **Husband and Wife** **$600,000**

Decision: [ ] Insured [ ] Not fully insured
Justification:

18. **Parent and One Child** **$1,400,000**

Decision: [ ] Insured [ ] Not fully insured
Justification:

19. **Husband, Wife and One Child** **$1,000,000**

Decision: [ ] Insured [ ] Not fully insured
Justification:

20. **Husband, Wife and Two Children** **$1,000,000**

Decision: [ ] Insured [ ] Not fully insured
Justification:

Situations	Amount of Money	Chart Used
21. Grandparent and Two Grandchildren	**$800,000**	____
22. Parent and One Child	**$350,000**	____
23. Husband and Wife	**$500,000**	____
24. Grandparent and Two Grandchildren	**$400,000**	____

21. **Grandparent and Two Grandchildren** **$800,000** ____

Decision: [ ] Insured [ ] Not fully insured
Justification:

22. **Parent and One Child** **$350,000** ____

Decision: [ ] Insured [ ] Not fully insured
Justification:

23. **Husband and Wife** **$500,000** ____

Decision: [ ] Insured [ ] Not fully insured
Justification:

24. **Grandparent and Two Grandchildren** **$400,000** ____

Decision: [ ] Insured [ ] Not fully insured
Justification:

In addition, you will be giving advice to customers on whether they should choose the services of a credit union or a savings and loan association. You will provide them with a recommendation of the best type of institution for them to use based on the situation information that they give you. Arthur's policy on consultation includes the preparation of a brief consultation report for each customer justifying the recommendation. Complete a consultation report for each of the following clients.

1. Raymond and Rachel Milam have $20,000 that they wish to put into some form of savings account. Raymond is a member of Cedar City Credit Union, but Rachel is not a member. They want a joint account. The credit union interest rate is 9 percent. Mid-City Savings and Loan is offering 8 percent on their savings accounts. What should they do?

2. Jayne Harris is looking for a place to deposit $50,000. She wants convenience, high yield, friendly service, and she wants to be sure her money is insured by the FDIC. Miss Harris explains that she has $1200 in a credit union already, but she doesn't feel secure about depositing the $50,000 at the credit union. Miss Harris has been told that the FDIC does not insure credit unions. She is upset because she was happy with the credit union. What is your recommendation?

3. Frank and Diane Murdock would like to locate an institution that offers an interest-bearing checking account. They also want to be sure that loan services are available. Because they travel a lot, the Murdock's would also like automatic transfer service. Mr. Murdock travels on business trips quite often, and he would like his payroll check directly deposited to the account. The Murdock's want to do business with either a credit union or a savings and loan association. Which would you recommend?

4. Elliot Chambers would like to purchase a car. He has found a reasonably priced used car. He has been to his credit union, and they will not finance the used car. They did offer to finance a new car. The interest rate offered was 10 percent. He then went to his savings and loan association. They told him that they would finance the used car at a 13 percent interest rate. He asked about financing a new car, and their interest rate was 12 percent. Which car should he get, and where should he apply for the loan?

5. Bryan Gates is having trouble deciding between a credit union and a savings and loan. He wants a secure savings account, a $1000 Certificate of Deposit, loan services with low interest rates, and an I. R. A. He is not a member of a credit union. He wants you to help him become a member so that he can benefit from the credit union's services. What can you tell him?

6. Sheila Cintron would like to open an I. R. A. She also wants a $1000 C. D. She is currently a member of a credit union. Her credit union is offering 7.5 percent on her C. D. Her credit union does not offer I. R. A. accounts. The local savings and loan is offering 7.25 percent on her C. D. They do have various types of I. R. A. accounts. She would like to keep these two accounts together. She already has a $500 savings account at the credit union. Her deposits to the savings account is through payroll deduction. What would you recommend?

7. Jason and Linda Mason have decided to purchase a home. They are members of the local credit union. The purchase price is $48,000. They currently have $10,000 in their savings account at the credit union, and they also have five $1000 C. D.s. They want to finance $35,000. The Masons want to finance their home through the credit union because interest rates are always lower at the credit union. What can you tell them about their home loan?

8. Julie Clary wants to purchase a home computer. The system is going to cost $1562. She does have two $1000 C. D.s at the savings and loan. She also has $1500 in a savings account at the credit union. The C. D.s will mature before the loan is paid off. She is willing to rollover the C. D.s. Miss Clary does not really want to tie-up $2000 for a $1500 loan. The savings and loan is offering a 2-year secured loan at 11 percent. The credit union is also offering a 2-year secured loan at 11 percent. The credit union is also willing to release her funds as she pays the loan off. The savings and loan and the credit union agreed to accept her payments through payroll deduction. What would you recommend?

9. Leann Dwyer is planning a 3-month cruise. She wants to purchase traveler's checks. She will still be receiving payroll checks which she would like directly deposited to her account at the savings and loan. During her trip, she may need to have money wired to her. Miss Dwyer wants to be sure that she can get her money when she needs it. She also needs her debts paid while she is away. What can you recommend?

10. Richard McComb would like to apply for a MasterCard. He currently has $5000 in a savings account at the credit union. He also has an interest-bearing checking account at the savings and loan. His current balance is $3200. Mr. McComb has just received an inheritance of $25,000 from his uncle. He would like to put $15,000 in an I. R. A., and the balance in C. D.s. He has researched both the savings and loan and the local credit union. His employer has just recently become a member of the credit union and is currently offering membership to the employees. The credit union is offering 8 percent on C. D.s and does not offer I. R. A. accounts. The savings and loan is offering 7 percent on C. D.s and offers various types of I. R. A. accounts. Mr. McComb also wishes to have $75 a week deposited in the credit union through payroll deduction. Mr. McComb expresses to you that he doesn't mind splitting up his accounts. What would you recommend?

CONSULTATION FORMS

CONSULTATION REPORT **No. 1**

Name(s) ______________________________

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 2**

Name(s) ______________________________

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 3**

Name(s) ______________________________

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 4**

Name(s) ______________________________

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 5**

Name(s)____

[ ] Credit Union **[ ] Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 6**

Name(s)____

[ ] Credit Union **[ ] Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 7**

Name(s)____

[ ] Credit Union **[ ] Savings and Loan**

Recommendation:

CONSULTATION REPORT **No. 8**

Name(s)____

[ ] Credit Union **[ ] Savings and Loan**

Recommendation:

CONSULTATION REPORT **No.** 9

Name(s)____

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

CONSULTATION REPORT **No.** 10

Name(s)____

☐ **Credit Union** ☐ **Savings and Loan**

Recommendation:

Mr. Arthur has left a message for you to do some research. This research will help you recommend financial institutions to the clients that seek help. Mr. Arthur would like you to compare the services offered at two different financial institutions in the area. He would then like you to write a one-page paper comparing and contrasting the services offered by the institutions.

COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

(1) acceptance policies on student transfers from other school districts;

(2) operation of school bus routes or runs on a non-segregated basis;

(3) nondiscrimination in extracurricular activities and the use of school facilities;

(4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;

(5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;

(6) nondiscriminatory practices relating to the use of a student's first language; and

(7) evidence of published procedures for hearing complaints and grievances.

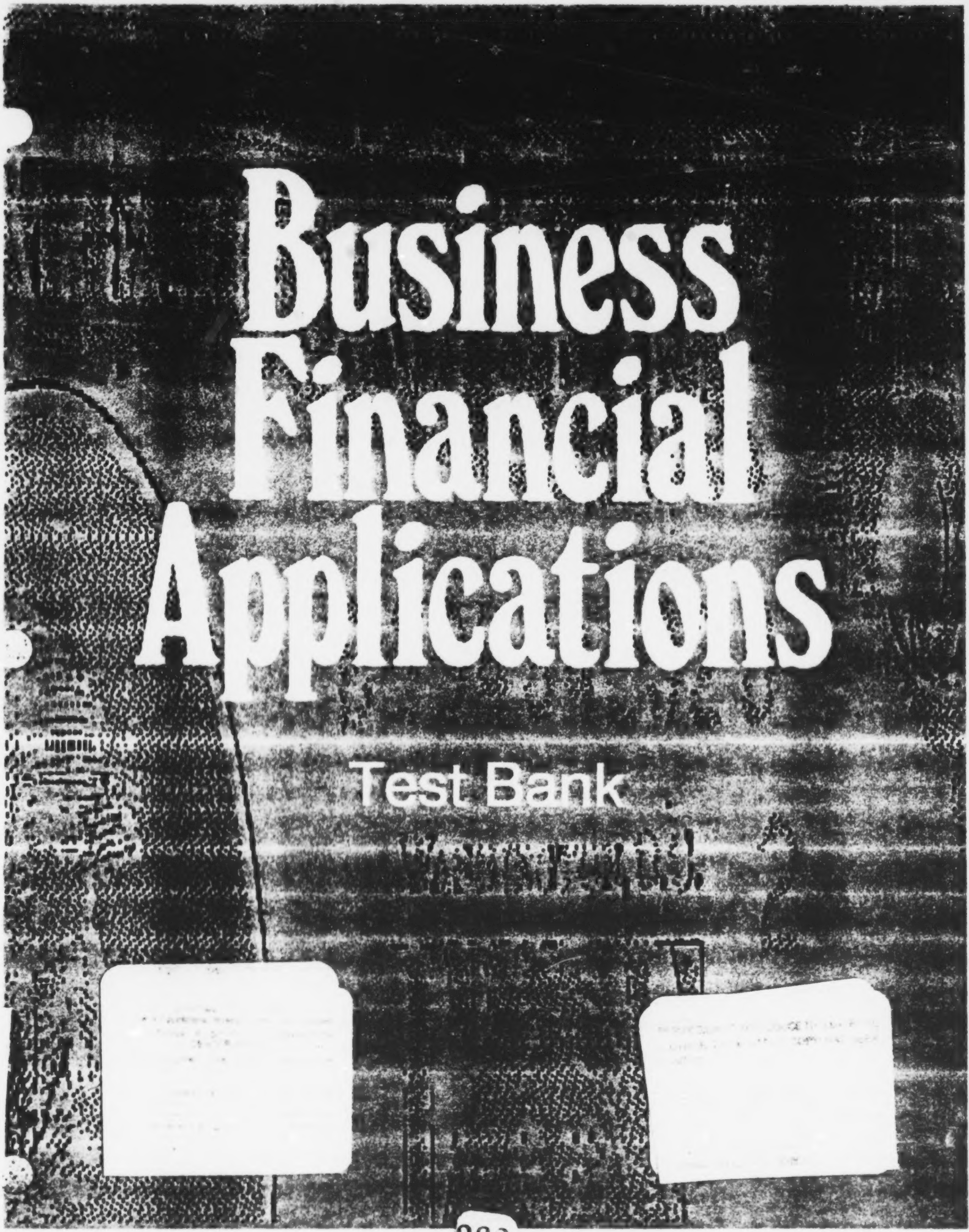
In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964; EXECUTIVE ORDERS 11246 AND 11375; TITLE IX, 1973 EDUCATION AMENDMENTS; REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; AND VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

It is the policy of the Texas Education Agency to comply fully with the nondiscrimination provisions of all federal and state laws and regulations by assuring that no person shall be excluded from consideration for recruitment, selection, appointment, training, promotion, retention, or any other personnel action, or be denied any benefits or participation in any programs or activities which it operates on the grounds of race, religion, color, national origin, sex, handicap, age, or veteran status (except where age, sex, or handicap constitute a bona fide occupational qualification necessary to proper and efficient administration). The Texas Education Agency makes positive efforts to employ and advance in employment all protected groups.



Business Financial Applications

Test Bank

Educational Development & Training Center
East Texas State University • Commerce, TX 75429

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To ensure educational equity, this material
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bias or stereotyping.

Educational Development & Training Center
East Texas State University ● Commerce, TX 75428

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PREFACE

The test banks for the *Business Financial Applications Curriculum Guide* were prepared to provide quality instructional materials for instructors of business financial application courses in Texas.

These test banks have been developed through a joint effort of the Texas Education Agency and the Educational Development and Training Center located on the campus of East Texas State University at Commerce, Texas.

The purpose of developing these test banks is to provide microcomputer application instructors with test banks coordinated with the *Business Financial Applications Curriculum Guide* that assists them with course management and flexibility. Suggestions and comments concerning these test banks are requested to be sent to the curriculum specialist at the Educational Development and Training Center.

USE AND ORGANIZATION OF THE TEST BANK

The true and false questions and the multiple choice questions are on the data disks for the *Business Financial Applications Test Bank*. There is also a hard copy of these tests enclosed in the *Test Bank* book. (See listing of file names on next page.)

Also included in the *Test Bank* book are matching, fill in the blank and essay questions; and brief problems and exercises which can be used at your own discretion. They are not on the *Test Bank* data disks.

2.0

BUSINESS FINANCIAL APPLICATIONS
TEST BANK FILE NAMES

SECTION/UNIT		TITLES	DATA DISK	FILE NAME
I.		BANKING OPERATIONS	1	
	1	Checking Accounts		BFAS1U1
	2	Teller Operations		BFAS1U2
	3	Bookkeeping Systems		BFAS1U3
II.		CREDIT ADMINISTRATION	2	
	1	Credit Investigation		BFAS2U1
	2	Credit Analysis		BFAS2U2
III.		LOANS	3	
	1	Purposes of Loans		BFAS3U1
	2	Interest Calculation		BFAS3U2
IV.		LEGAL ASPECTS OF BANKING AND OTHER INSTITUTIONS	4	
	1	Customer and Consumer Services		BFAS4U1
	2	Savings and Loan Operations		BFAS4U2
	3	Credit Union Operations		BFAS4U3

TRUE AND FALSE

1. A depositor is defined as an individual, partnership, business proprietorship, corporation, organization, or association placing funds in a bank.

2. In an individual account, only one person may be authorized to write checks on the account.

3. A corporation which opens a business account does not have to have individual signatures on the signature card.

4. The names on a joint account may be connected by the words "and" or "or."

5. A corporate resolution is required by a bank in order to open a corporate checking account.

6. A regular or flat rate service charge account requires that the customer maintains a set balance.

7. When a customer's service charge is based on maintaining an average balance in the account, there will be an additional fee if the account drops below the set balance.

8. When a checking account is opened, account numbers are assigned in numerical order.

9. Account numbers are automatically assigned to a customer by the bank computer.

10. Customer identification is placed on the customer information card.

11. A customer is not required to give the bank his/her Social Security number when opening an account.

12. Personalized checks must be paid for at the time the customer opens the account.

13. At the time an account is opened, a customer will be given information on the quantity, style, and price of personalized checks.

14. Temporary checks should not be issued to a customer before a deposit is made.

15. A customer should receive as many temporary checks as he/she requests.

16. Customer signatures are required on all deposit slips.

17. Amounts to be deposited should be identified by currency, coin, and checks when writing a deposit slip.

18. Bank personnel may transfer funds from one account to another at the telephone request of the customer.

19. When making a telephone transfer of funds, bank personnel should check the account for sufficient funds.

20. Cross-selling bank services is usually done by bank officers who call on the customer after the account is opened.

21. An example of cross-selling would be to convince the customer to rent a safe deposit box at the time he/she opens the checking account.

22. Customers understand when bank employees are busy with paperwork, and do not have time to help them.

23. Good public relations include explaining bank policies and procedures to the customer.

24. Checks do not need to be endorsed if presented in person.

25. A draft is an order in writing, signed by the depositor, ordering the bank to pay cash from the depositor's account to a designated payee.

26. A check is an order, in writing, signed by the depositor, ordering the bank to pay cash from the depositor's account to a designated payee.

27. A hold freezes all or part of the funds in an account for various reasons.

28. A check is a negotiable instrument.

29. Uncollected funds are insufficient checks that the bank is unable to collect.

30. A cashier's check may be drawn against an individual's account.

31. An endorsement is the signature or inscription on the back of a check that allows it to be negotiated.

MULTIPLE CHOICE

1. Customers who write many checks would prefer:

   A. A flat rate service charge account
   B. An average balance account
   C. An automatic transfer account
   D. A personalized checking account

2. If there is to be more than one signature on a checking account and all parties are not present to sign the signature card, the best procedure would be:

   A. Give the signature card to the individual present, and have him mail back the completed card
   B. Have the individual present sign two cards, one to be filed temporarily and the other to be signed by those not present
   C. Keep two signature cards on file, one signed by the individual present, the other signed by those not present
   D. Tell the customer present that all other signers on the account will have to come to the bank to sign the signature card

3. Which is not an example of cross-selling bank services?

   A. Loans
   B. Safe deposit boxes
   C. Bank acceptance accounts
   D. Travelers' checks

4. Which phrase does not describe a draft?

   A. A signed, written order
   B. Drawn by the bank on itself
   C. Makes payment to a third party
   D. Instructs the drawee

5. Uncollected funds are:

   A. The portion of a deposit held for a period of time to allow the check to clear through the banking system
   B. Insufficient checks
   C. Cash deposited after the teller has balanced for the day
   D. The portion of a deposit that a bank puts directly into its vault

6. An endorsement is the:

   A. Account number placed on the back of the check
   B. Identification of the person cashing a check
   C. Signature on the back of a check that allows it to be negotiated
   D. Name required on the back of a check

7. An individual checking account is:

   A. Owned by one or more persons
   B. Owned by one person
   C. Where only one signature is required
   D. Any account other than a business account

8. The type of checking account which may provide for a right of survivorship is called:

A. A corporate account
B. An individual account where a second party is authorized to sign checks
C. A partnership account
D. A joint account

9. A proprietorship account is:

A. Owned by a business without any officers
B. Owned by a business formed by two or more people
C. Owned by one individual
D. Owned by a non-profit organization

10. If the bank requires the customer to maintain a set minimum balance in a checking account, the type of account is:

A. A regular account
B. A flat rate charge account
C. An average balance checking account
D. An individual account

11. The first step in assigning an account number to a customer is:

A. Write the date beside the account number
B. Initial the number to show who opened the account
C. Cross out the number assigned
D. Obtain the checking account number list

12. A card used by the bank which would show previous address, business, previous bank and address of the customer is called:

A. An information card
B. A signature card
C. A bank account card
D. A temporary signature card

13. When ordering personalized checks, which of the following would not apply?

A. Informing customer of billing procedures for checks
B. Typing the check order
C. Asking the customer about his previous bank
D. Reminding the customer to review checks for errors when received

14. Which does not apply to temporary checks and deposit slips?

A. Temporary checks and deposit slips are issued to the customer when a new account is opened
B. A customer may receive temporary checks and deposit slips before a deposit is made
C. More temporary checks are available if needed
D. A small number of temporary checks and deposit slips are issued to the customer

15. When a customer requests cash back from a deposit, the customer must:

    A. Inform the teller of the amount requested
    B. Initial for an acknowledgment of cash deducted
    C. Let the teller change the deposit slip
    D. Leave off the total of the deposit amount

16. All of the following must be included on a deposit slip, except:

    A. Name of the depositor
    B. Account number
    C. Address and phone number of the customer
    D. Amount of currency, coin, and checks

17. All the following information must be obtained when completing a signature card, except:

    A. Name of the person or business opening the checking account
    B. The checking account number
    C. Other accounts in the bank
    D. Date the account is opened

18. Before funds can be transferred from one account to another by telephone, the most important thing the bank employee should do is:

    A. Make sure the customer has an automatic transfer account
    B. Verify where the customer is calling from
    C. Find out the reason for the transfer
    D. Check to see if there are sufficient funds in the account

19. Information required to transfer funds by telephone include all of the following except:

    A. Asking the customer the name as it is carried on the account
    B. Asking for the amount to be transferred
    C. Calling the customer back to verify the transfer
    D. Asking for the customer's account numbers

20. Travelers' checks may be used in cross-selling because:

    A. They are safer than cash to carry while traveling
    B. They are a good way to save money
    C. They may be cashed by anyone
    D. The bank makes more money on them than on checking accounts

21. Which of the following is least likely to be used in cross-selling loans?

    A. Loans enable the customer to maintain securities until maturity
    B. Loans ensure not making a large withdrawal from savings
    C. The interest may be tax deductible
    D. Payments may be spread over a period of time rather than being made in one lump sum

22. A _______ helps prevent cashing securities before maturity.

A. Savings account
B. Loan
C. Trust department purchase plan
D. Checking account

23. Which is not a function of trust services?

A. Settling estates
B. Acting as a trustee
C. Administering trusts
D. Purchasing trust acceptances

24. All of the following are functions of trust services except:

A. Cooperating with attorneys in planning estates
B. Cashing negotiable instruments
C. Acting as trustees
D. Administering guardianships

25. New accounts employees would be most concerned with:

A. Interbank relations
B. Public relations
C. Cross-selling relations
D. Employee relations

26. If your customer is planning a trip to California, you would recommend _______ in cross-selling.

A. Drafts drawn on a California bank
B. Travelers' checks
C. Safe deposit box to hold valuables
D. A savings account

27. If your customer has explained to you that he never has extra cash for emergencies, you would recommend:

A. A loan when the emergency arises
B. A savings account to prepare for emergencies
C. A separate checking account
D. Trust services

28. Which service would you cross-sell to a customer with no relatives?

A. Trust services
B. Bank pre-arrangement services
C. Safe deposit box
D. Savings account

29. _______ is a service by which a bank moves funds from one type of account to another for its customers on a pre-authorized basis.

A. Draft transfer
B. Automatic transfer
C. Funds management
D. Automated teller transactions

30. A sum subtracted from an account is called:

A. A deduction
B. A payment
C. A debit
D. A credit

31. A sum added to an account is called:

A. A credit
B. A debit
C. A payment
D. A service charge

32. _______ is a restriction that freezes all or part of the funds in the account for various reasons.

A. Uncollected funds
B. Freeze
C. Hold
D. Service charge

33. The part of a check kept by a person writing the check as a record of the transaction is the _______.

A. Duplicate slip
B. Deposit slip
C. Credit slip
D. Check stub

34. Automatic transfer service enables the bank to:

A. Ensure the customer has equal funds in all accounts
B. Move funds from one account to another on a pre-authorized basis
C. Earn interest on more accounts
D. Invest the bank's funds

35. What is not true about a bank statement?

A. Periodic report of the customers' deposits and checks written
B. Shows the account balance at the beginning of a period
C. Shows the items returned for insufficient funds
D. Includes the closing balance

36. An order in writing, signed by the depositor, ordering the bank to pay cash from the depositor's account to a designated payee is called a:

A. Bank draft
B. Cashier's Check
C. Check
D. Customer acceptance

37. An account with a bank by which one can order payments to others from the balance by check is:

A. A checking account
B. A transaction account
C. An acceptance account
D. A draft account

38. A _______ is an individual, partnership, business proprietorship, corporation, organization, or association placing funds in a bank.

A. Drawee
B. Payee
C. Payor
D. Depositor

39. A _______ is an unconditional written order to pay money that is easily transferable from one party to another.

A. Check
B. Draft
C. Negotiable instrument
D. Bank acceptance

40. A drawee is the party who:

A. Receives cash from a check
B. Is directed to make a payment
C. Writes the check
D Receives a check as payment

41. A cashier's check is:

A. A draft
B. A bank acceptance
C. A check drawn by a bank on itself
D. A check presented to a bank for payment

42. A sum deposited or added to an account is a _______.

A. Debit
B. Deposit slip
C. Credit
D. Check

43. A fee charged against a depositor's account for services rendered by a bank is called a(n):

A. Account fee
B. Interest charge
C. Service charge
D. Transaction fee

44. A customer wanting a report of his account balance at the start of a period, all the transactions, and the closing balance at the end of the period would ask the bank for:

A. A bank statement
B. A statement of condition
C. A checking account transaction report
D. A bank journal report

45. A customer wanting to deposit funds to a checking account would use a(n):

A. Debit ticket
B. Deposit slip
C. Bank transaction slip
D. Account credit ticket

46. The party who issues a set of written instructions to a bank, calling for payment of funds is:

A. Payor
B. Drawee
C. Payee
D. Drawer

47. A bank statement is a report to its customer showing:

A. The beginning balance, transactions, and interest earned
B. The beginning balance, debits, and closing balance
C. The beginning balance, transactions, and closing balance
D. The beginning balance, credits, and interest earned

48. Employee efforts to sell financial services other than the service he/she is performing is known as:

    A. Public relations
    B. Advertising
    C. Promoting bank services
    D. Cross-selling

49. Terminology used to describe the back of the front left end of a check is:

    A. The endorsement square
    B. The trailing edge
    C. The back of the check
    D. The endorsement corner

50. The person or firm to whom a check is made payable is called the:

    A. Payor
    B. Drawee
    C. Payee
    D. Depositor

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Account number
B. Automatic transfer service
C. Bank statement
D. Cashier's check
E. Check
F. Check stub
G. Checking account
H. Credit
I. Cross-selling
J. Debit
K. Deposit
L. Depositor
M. Draft
N. Drawee
O. Uncollected funds
P. Endorsement
Q. Hold
R. Information card
S. Negotiable instrument
T. Service charge
U. Signature card
V. Drawer

____ 1. Number assigned to checking account by the bank.

____ 2. An account with a bank from which the depositor can order payments from the balance by check.

____ 3. A check drawn by a bank on itself and signed by an authorized officer.

____ 4. An order in writing, signed by the depositor, ordering the bank to pay cash from the depositor's account to a designated payee.

____ 5. A sum deposited or added to an account.

____ 6. Placement of cash, checks, or other drafts with a bank for credit to an account.

____ 7. Employee efforts to sell financial services other than the service he/she is performing.

____ 8. A signed, written order by which one party instructs another to make payment to a third party.

____ 9. Signature on the back of a check that allows it to be negotiated.

____ 10. A sum deducted from an account.

____ 11. An unconditional written order to pay money that is transferable from one party to another.

____ 12. Fee charged against a depositor's account for services rendered by a bank.

____ 13. Card the depositor signs to give the bank a sample of the authorized signature.

____ 14. The portion of the deposit that is held for a period of time to allow for clearance through the banking system.

_____ 15. The restriction that freezes all or part of the funds in the account.

_____ 16. The party who is directed by the drawer to make a payment.

_____ 17. The party who issues a set of written instructions to a drawee calling for a payment of funds.

_____ 18. A service by which a bank moves funds from one type of account to another on a preauthorized basis.

_____ 19. Part of a check kept by the person writing a check.

_____ 20. A report to the customer, showing beginning and ending balances and the transactions during the period.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank.

__________________ 1. A(n) ______ account is owned by one person, who may authorize others to write checks on the account.

__________________ 2. An account owned by two or more persons, who may each write checks on the account is called a(n) ______ account.

__________________ 3. If names on an account are connected by the word ______, only one account owner needs to sign the check.

__________________ 4. If the names on an account are connected by the word ______, all co-owners must sign the check.

__________________ 5. A(n) ______ account is owned by a corporation.

__________________ 6. When a business formed by two or more people opens a checking account, the bank classifies the account as a(n) ______ account.

__________________ 7. Average balance checking accounts calculate ______ charges on the average monthly balance.

__________________ 8. In an average balance checking account, the bank would require the customer to maintain a(n) ______ balance.

__________________ 9. Customers who write many checks usually prefer to be service charged on a(n) ______ rate.

__________________ 10. When an account is opened, the bank assigns an account ______ to each account.

__________________ 11. The ______ department would help a customer settle an estate.

__________________ 12. A(n) ______ is a sum deposited or added to an account.

__________________ 13. A cashier's check that is drawn by a bank on itself is signed by the ______ or other authorized officer.

__________________ 14. A deposit slip lists all ______, checks, or drafts to be credited to an account.

______________________ 15. A(n) ______ can be an individual, partnership, business proprietorship, corporation, or association placing funds in a bank.

______________________ 16. A draft is a signed, written order by which the ______ instructs another to make payment to a third party.

______________________ 17. A draft is a signed, written order by which the drawer instructs the ______ to make payment to the payee.

______________________ 18. Endorsements are placed on the ______ of a check.

______________________ 19. In order to negotiate a check, the payee must first ______ the check.

______________________ 20. An automatic transfer service is a service by which the bank moves funds from one account to another for its customer on a(n) ______ basis.

ESSAY

1. You are a new accounts employee in your bank. Mr. Davis approaches your desk and wishes to open a business account. Briefly explain what questions you would ask Mr. Davis in order to open the correct type of business account.

2. Describe at least three bank services that you, as a new accounts employee, could "cross-sell" to a new customer. Briefly include what you would tell the customer in each case to convince him/her to use the service.

ANSWERS

True and False

1. T
2. F
3. F
4. T
5. T
6. F
7. T
8. T
9. F
10. T
11. F
12. F
13. T
14. T
15. F
16. F
17. T
18. T
19. T
20. F
21. T
22. F
23. T
24. F
25. F
26. T
27. T
28. T
29. F
30. F
31. T

Multiple Choice

1. A
2. B
3. C
4. B
5. A
6. C
7. B
8. D
9. A
10. C
11. D
12. A
13. C
14. B
15. B
16. C
17. C
18. D
19. C
20. A
21. C
22. B
23. D
24. B
25. B
26. B
27. B
28. A
29. B
30. C
31. A
32. C
33. D
34. B
35. C
36. C
37. A
38. D
39. C
40. B
41. C
42. C
43. C
44. A
45. B
46. D
47. C
48. D
49. B
50. C

Matching

1. A
2. G
3. D
4. E
5. H
6. K
7. I
8. M
9. P
10. J
11. S
12. T
13. U
14. O
15. Q
16. N
17. V
18. B
19. F
20. C

Fill in the Blank

1. Individual
2. Joint
3. Or
4. And
5. Corporate
6. Partnership
7. Service
8. Set
9. Flat
10. Number
11. Trust
12. Credit
13. Cashier
14. Cash
15. Depositor
16. Drawer
17. Drawee
18. Back
19. Endorse
20. Preauthorized

Essay

1. Major points in the discussion should include, but not be limited to:

    1. Determine the type of business
    2. Ask if the business is:
        (a) a proprietorship, a business owned individually
        (b) a partnership formed by two or more people or
        (c) a corporation.

2. Major points in the discussion should include, but not be limited to:

    1. Savings account - earns interest and accounts insured up to $100,000
    2. Travelers checks - safer than cash to carry while traveling and easily replaceable if lost
    3. Safe deposit box - safe place to keep securities and other valuables

TRUE AND FALSE

1. The serial numbers of a teller's bait money should be recorded to enable law enforcement officers to trace the money.
2. The teller's blotter should itemize all cash and currency included in the teller's total cash.
3. The endorsement on the back of a check indicates who received the funds from a check.
4. A hold on an account does not affect the availability of funds in the account.
5. A stop payment on a check indicates that the maker of the check does not want the check to be negotiated.
6. A split deposit consists of currency, coin, and checks.
7. A mixed deposit contains one or more checks presented for deposit to two or more accounts.
8. Paper money and coin issued by the government is called currency.
9. Microfiche is a rectangular transparency containing multiple rows of greatly reduced page images of reports.
10. Validation is confirming the amount on an item by printing the date and amount directly on the item.
11. A bank draft is drawn on another bank and accepted by your bank.
12. Any item representing part of a teller's cash balance other than United States currency and coin is called a cash item.
13. A room in a bank usually with a time lock door where cash is stored overnight is called a night depository.
14. A tray with compartments to hold currency and coin at the teller window is called a vault.
15. The two-part paper used on the teller machine to provide a permanent record of all transactions processed at the teller window is called teller transaction tape.
16. Any item or transaction accepted or originated at the teller's window is called a deposit.
17. Tellers should refer difficult situations to their supervisor rather than trying to handle them themselves.
18. Currency can be only United States Notes or Silver Certificates.

19. Currency should be strapped only in packages of 100.
20. All bills should be facing the same direction with the portraits up when strapped.
21. Packages of bills received should always be recounted and initialed by the teller.
22. One way to detect a counterfeit bill is to check for the sharpness and evenness of the saw-toothed points around the rim of the seal.
23. All genuine currency must have red and blue threads running through the paper.
24. The ink washes off easily on genuine currency.
25. To avoid embarrassment to the customer, the currency in a deposit should not be counted in front of a customer.
26. A check must be endorsed exactly as it appears on the face of the check.
27. Checks made payable to two or more persons using "OR" as a connector may be endorsed by either party.
28. Endorsers are liable for the amount of the check in reverse order of their endorsements.
29. If a customer presents an expired driver's license for identification, it is acceptable as long as it has the customer's picture and signature.
30. When balancing the teller's blotter, total debits should always equal total credits.
31. When a teller is out of balance (long or short), he/she should write the amount on the teller's blotter so that the proof department will be able to balance the overall cash of the bank.
32. Money is never given to the customer until the transaction is completed.
33. A blank endorsement allows anyone who possesses a check to negotiate it.
34. A counter item is any item or transaction accepted or originated at the teller's window.
35. A special endorsement limits the receiver of the check as to the use he/she can make of the funds collected.

MULTIPLE CHOICE

1. The portrait that appears on the $50 denomination of United States currency is that of ______.

   A. Jefferson
   B. Hamilton
   C. Grant
   D. Jackson

2. The back design that appears on the $20 denomination of United States currency bill is the ______.

   A. U. S. Capitol
   B. White House
   C. Lincoln Memorial
   D. Independence Hall

3. Small threads that appear in the paper of genuine United States currency are ______.

   A. Black and white
   B. Black and blue
   C. Red and blue
   D. Red and green

4. One, five, ten, and twenty denominations of currency should always be packaged in straps of ______.

   A. 25
   B. 50
   C. 75
   D. 100

5. Packages of bills assigned to each teller to be given out in case of robbery are called ______.

   A. Marked money
   B. Bait money
   C. Strapped money
   D. Trap money

6. A sheet used to indicate if a teller balances the window is called the ______.

   A. Teller's cash sheet
   B. Teller's daily record
   C. Teller's blotter
   D. Teller's transaction report

7. The two part paper used on the teller machine to provide a permanent record of all transactions processed at the teller window is known as the ______.

   A. Audit journal tape
   B. Teller's daily transaction tape
   C. Teller's cash in tape
   D. Teller's daily record tape

8. The ______ is an organization of banks, founded in 1875, that trains bank personnel and improves bank services.

   A. AVA
   B. ABA
   C. FDIC
   D. TBA

9. When a teller balances and has an excess of cash at the end of the day, the difference is charged to the _______ account.

   A. Cash over
   B. Cash short
   C. Cash difference
   D. Cash long

10. In handling worn and mutilated money, the teller should _______.

   A. Give the money out to customers when cashing checks
   B. Transfer the money to the teller handling mutilated money
   C. Transfer the money to the vault in a regular shipment
   D. Make a list of serial numbers of the bills which will be reimbursed by the Federal Reserve

11. The most important factor to a customer selecting a financial institution is the _______.

   A. Size of the bank
   B. Neatness and cleanliness of the bank
   C. Convenience of the bank location
   D. Fast, efficient, and friendly service

12. To the bank manager, the most important quality in a teller is _______.

   A. Accuracy
   B. Friendliness
   C. Neatness
   D. Punctuality

13. In addition to operating an electronic teller machine or on-line teller terminal, a teller should operate _______.

   A. A calculator
   B. A typewriter
   C. A ten-key adding machine
   D. A microcomputer

14. If you count the money in a customer's deposit and find that it is $100 short, you should _______.

   A. Not change the deposit, but issue a receipt for the lesser amount
   B. Change the deposit slip and issue a receipt for the lesser amount
   C. Return the entire deposit to the customer
   D. Ask the customer to reverify the deposit and initial the change on the deposit slip

15. When a customer asks for less cash on a deposit, you must fill out a _______.

   A. Cash in
   B. Cash out
   C. General Ledger debit
   D. General Ledger credit

16. Before checks and deposits leave the bank, they must be _______ in case they need to be researched later.

   A. Microfilmed
   B. Microfiched
   C. Photocopied
   D. Microprocessed

17. The value amount of United States currency appears ______.

A. In all four corners only
B. In all four corners and written across the bottom
C. In all four corners and written across the top
D. In the two top corners and written across the bottom

18. A check that is dated six or more months ago is considered ______.

A. Postdated
B. Stale dated
C. Late dated
D. Predated

19. If an insurance check is made payable to a husband and wife and the mortgage company, the check must be endorsed by ______.

A. The husband and wife only
B. The husband and the mortgage company
C. The mortgage company only
D. All three parties

20. The person's name that appears on the signature line of a check is called the ______.

A. Drawee
B. Payee
C. Maker
D. Endorser

21. The ______ of a check guarantees that upon notification, the amount of the check will be paid if it is dishonored for any reason.

A. Maker
B. Payor
C. Payee
D. Endorser

22. A check with only the signature on the back is called a ______ endorsement.

A. Blank
B. Restrictive
C. Special
D. Conditional

23. A ______ endorsement limits the receiver of the check as to the use he can make of the funds collected.

A. Blank
B. Restrictive
C. Special
D. Conditional

24. A ______ endorsement has words added that provide for payment on the occurrence of some event or condition.

A. Blank
B. Restrictive
C. Special
D. Conditional

25. A check with a _______ endorsement specifies the person to whom the check is payable.

A. Blank
B. Restrictive
C. Special
D. Conditional

26. A check with a blank endorsement can be cashed by _______.

A. Only the person the check is made out to
B. The co-signer on the account
C. The maker of the check
D. Anyone who possesses the check

27. One form of proper identification for cashing a check is _______.

A. A Social Security card with a signature
B. A current driver's license with a picture
C. An account card issued by your bank
D. A temporary driver's license

28. As part of the opening teller window procedure, the teller should _______.

A. Not check currency, since it was locked up overnight
B. Determine if currency and coins are sufficient for that day
C. Open the window immediately and check supplies and forms when the lines slow down
D. Buy more currency and coin

29. On the teller's blotter, total debits must equal _______.

A. Total cash
B. Total cash in
C. Total cash out
D. Total credits

30. In balancing the debit side of the teller's blotter, cash paid out and cashed items are added to _______ to determine total debits.

A. Cash bought from vault
B. Opening cash
C. Closing cash
D. Cash over

31. In balancing the credit side of the teller's blotter, cash on deposits, cash bought from vault and _______ are added to determine total credits.

A. Opening cash
B. Closing cash
C. Cashed items
D. Cash short

32. In locating teller differences, the teller should NOT _______.

A. Check prior day's ending cash
B. Check prior day's opening cash
C. Check inter-teller transactions
D. Be sure all cash has been counted correctly

33. A transposition error is divisible by ______.

A. 2
B. 5
C. 9
D. 10

34. When handling cash, it is advisable to ______.

A. Make sure all currency and coin is put away before handling a new transaction
B. Keep excessive cash at the teller window
C. Talk to customers while verifying a deposit
D. Count currency by looking at the corners of bills

35. When a deposit contains cash, a ______ must be prepared to represent the cash in the deposit that is sent to the proof department.

A. Teller account debit
B. Teller account credit
C. Cash out
D. Cash in

36. If there is a discrepancy between your count and the customer's count and the customer does not agree, you should ______.

A. Call your supervisor without leaving the window
B. Refuse to accept the customer's deposit
C. Close your window and balance
D. Accept the customer's count

37. When paying out currency to a customer, the FIRST step is ______.

A. Always pay the coins first
B. Decide what denominations to pay and select currency with the largest denomination
C. Count the money as it is taken from the drawer, back to yourself, and then to the customer
D. Do not give the money to the customer until the transaction is completed

38. When opening a teller window, the FIRST step is ______.

A. Spot check currency to see that it agrees with the previous day's closing total
B. Check teller stamps for current date
C. Examine all areas of cage to be sure no money, checks, or deposits remain
D. Make sure necessary supplies, forms, and equipment are on hand for the day's transactions

39. When closing a teller window, the FIRST step is _______.

A. Place coin tray in coin vault and lock it
B. Change date on teller stamps and lock them in a drawer
C. Examine all areas of cage to be sure no money, checks, or deposits remain
D. Carry all money in currency tray to vault and lock tray in currency bus

40. If your beginning cash is $1600 and you cashed checks for $300 and accepted deposits for $520, your ending cash is _______.

A. $1280
B. $1380
C. $1820
D. $1920

41. If your beginning cash is $4500 and you cash checks amounting to $1220 and accepted cash for $900, the ending cash figure is _______.

A. $4810
B. $4180
C. $4820
D. $4280

42. If your beginning cash is $5680 and you paid out $900 for savings withdrawals and bought $3600 from the vault, your ending cash is _______.

A. $8380
B. $8830
C. $2980
D. $2890

43. If your beginning cash is $4950 and you sold $210 in money orders, accepted credit card payments of $270 and cashed $450 in checks, your ending cash is _______.

A. $4920
B. $4290
C. $4890
D. $4980

44. One characteristic of a genuine United States currency bill is:

A. Saw toothed points around the seal are sharp and even
B. Paper may feel different or may be whiter
C. Background of portrait may be dark with broken lines
D. Eyes on portrait may be dull or be smudged

45. In the event of a robbery, you should:

A. Give the robber all your money and do not try to hide any money
B. Remain calm and follow instructions to protect yourself and others
C. Discuss the characteristics of the robber with others to confirm identification
D. Set off the alarm when the robber pulls out a gun

46. The _______ established standards for the endorsement of checks on September 1, 1988.

A. Office of the Comptroller
B. American Bankers Association
C. Federal Reserve Board
D. Federal Bank Examiners Board

47. In handling cash at the teller's window, the teller should remember to _______.

A. Make conversation with the customer while counting cash
B. If you are busy, put the cash from large deposits in a drawer to count later
C. Pay out change last
D. Never leave the window during a cash transaction

48. One sign of a short change artist is _______.

A. Very insistent that he did not receive the correct change
B. Not in a hurry and appears calm
C. Usually has a deposit or withdrawal transaction
D. Often has other business to transact

49. Success as a teller depends on _______.

A. Neatness and appearance
B. Mastery of teller related skills
C. Popularity among customers and other employees
D. Decision making abilities

50. In dealing with an angry customer, it is important to _______.

A. Explain to the customer the bank policies
B. Refer the customer to your supervisor
C. Keep calm and not agitate the customer
D. Explain to the customer why you cannot help them

51. Any item or transaction accepted or originated at the teller's window is called a _______.

A. Counter item
B. Cash item
C. Deposit
D. Demand item

52. A form charging a teller for the amount of cash on a deposit is called a _______.

A. Credit inter-cage ticket
B. Debit inter-change
C. Cash out
D. Cash in

53. A form used by a teller to sell money to the vault or another teller is called a _______.

A. Credit inter-cage ticket
B. Debit inter-cage ticket
C. Cash out
D. Cash in

54. A deposit consisting of coins, currency, and checks is called a ______ deposit.

A. Demand
B. Split
C. Mixed
D. Cash

55. A deposit in which one or more checks are presented for deposit to two or more accounts is a ______ deposit.

A. Split
B. Corporate
C. Mixed
D. Demand

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Bearer
B. Blank endorsement
C. Conditional endorsement
D. Counter item
E. Depositor
F. Draft
G. Drawee
H. Drawer
I. Endorsement
J. Endorser
K. Forgery
L. Identification
M. Maker
N. Memo line
O. MICR
P. Payee
Q. Payor
R. Post dated
S. Restrictive endorsement
T. Routing number
U. Special endorsement
V. Stale dated

_____ 1. A check with only the signature on the back.

_____ 2. Person or business to whom the check is payable on the "Pay to the Order of" line.

_____ 3. Signature or inscription on the reverse side of a check.

_____ 4. Institution that has the funds to pay a check.

_____ 5. Specifies the person to whom the check is payable on the back of a check.

_____ 6. The person who is in possession of a check when it is endorsed in blank.

_____ 7. Legal transfer of one's right to an instrument (check).

_____ 8. Legal term for counterfeiting a check with the intention to defraud.

_____ 9. Documentation to prove that a person has a right to the funds from a check or legal instrument.

_____ 10. Characters that are encoded with magnetic ink on a check that can be read by a computer.

_____ 11. Numbers issued by the Federal Reserve that identify the bank on which a check is drawn.

_____ 12. Limits the receiver of a check as to the use he can make of the funds collected.

_____ 13. A check that is six months or older.

_____ 14. Individual, partnership, business proprietorship, corporation or organization that places funds in a bank in the name of that legal entity.

_____ 15. Person, corporation, partnership, or organization that issues a check.

_____ 16. Check with a date that is sometime in the future.

_____ 17. A signed, written order by which one party instructs another party to make payment to a third party.

_____ 18. Words added to the signature on the back of a check that provide for payment on the occurrence of some event or condition.

_____ 19. Any item or transaction accepted or originated at the teller's window.

_____ 20. Optional notation on a check that indicates the purpose of the check.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank.

____________________ 1. A(n) ______ is an overnight storage area for bank currency and coin.

____________________ 2. A(n) ______ confirms the amount appearing on an item by printing the date and amount directly on the item.

____________________ 3. The portrait of ______ appears on the United States currency $20 bill.

____________________ 4. The agency of the federal government established in 1933 to provide insurance protection on depositors' accounts is the ______.

____________________ 5. A placement of cash, checks, or other drafts with a bank for credit to an account is a(n) ______.

____________________ 6. A(n) ______ is processing paperwork presented by the customer at the teller window.

____________________ 7. The portrait of ______ appears on the United States currency $10 bill.

____________________ 8. In the case of a robbery, the ______ money should be given to the robber.

____________________ 9. A bank ______ is drawn on another bank and accepted by your bank.

____________________ 10. The teller's ______ should itemize all cash and currency included in the teller's total cash.

____________________ 11. The ______ on the back of a check indicates who received the funds from a check.

____________________ 12. Paper money issued by the government is called ______.

____________________ 13. ______ is a rectangular transparency containing multiple rows of greatly reduced page images of reports.

____________________ 14. When balancing the teller's blotter, total debits should always equal total ______.

____________________ 15. A(n) ______ endorsement allows anyone who possesses a check to negotiate it.

____________________ 16. A(n) ______ endorsement limits the receiver of the check to the use he can make of the funds collected.

____________________ 17. A(n) ______ deposit consists of currency, coins, and checks.

____________________ 18. The authenticity of an item presented to a bank is the ______.

____________________ 19. A(n) ______ is keeping funds in a customer account from being withdrawn until items deposited have been collected.

____________________ 20. A(n) ______ endorsement specifies the person to whom the check is payable.

ESSAY

1. List the five (5) essential parts of a check and briefly describe each one.

   (1)

   (2)

   (3)

   (4)

   (5)

2. Discuss in a short paragraph what would make identification unacceptable for cashing a check.

ANSWERS

True and False

1.	T	8.	F	15.	F	22.	T	29.	F
2.	T	9.	T	16.	F	23.	T	30.	T
3.	T	10.	T	17.	T	24.	F	31.	F
4.	F	11.	F	18.	F	25.	F	32.	T
5.	T	12.	T	19.	F	26.	T	33.	T
6.	F	13.	F	20.	T	27.	T	34.	T
7.	F	14.	F	21.	T	28.	T	35.	F

Multiple Choice

1.	B	15.	B	29.	D	43.	D
2.	B	16.	A	30.	C	44.	A
3.	C	17.	B	31.	A	45.	B
4.	D	18.	B	32.	B	46.	C
5.	B	19.	D	33.	C	47.	D
6.	C	20.	C	34.	A	48.	A
7.	A	21.	D	35.	D	49.	B
8.	B	22.	A	36.	A	50.	C
9.	D	23.	B	37.	D	51.	A
10.	B	24.	D	38.	B	52.	D
11.	D	25.	C	39.	B	53.	B
12.	A	26.	D	40.	C	54.	C
13.	A	27.	B	41.	B	55.	A
14.	D	28.	B	42.	A		

Matching

1. B
2. P
3. J
4. G
5. U
6. A
7. I
8. K
9. L
10. O
11. T
12. S
13. V
14. E
15. M
16. R
17. F
18. C
19. D
20. N

Fill in the Blank

1. Vault
2. Validation
3. Jackson
4. FDIC
5. Deposit
6. Transaction
7. Hamilton
8. Bait
9. Acceptance
10. Blotter
11. Endorsement
12. Currency
13. Microfiche
14. Credits
15. Blank
16. Restrictive
17. Mixed
18. Genuineness
19. Hold
20. Special

Essay

1. 1) Date line - should be current; not stale dated (6 months or older) or post dated (written at a future date from date of issue).

   2) Payee line - who the check is made payable to ("Pay to the Order of" line).

   3) Figure amount of the check - amount must be written in legible figures and not altered. It also must match written amount of the check.

   4) Written amount of the check - amount of the check written out in words that must match the figure amount of the check. The written amount may also be embossed on the check by using a "check protector".

   5) Maker's signature - the check must be signed by the owner of the account or by a person who is authorized to sign on the account in the case of a business or organization.

   If any of the parts listed above are not completed on the check, it is incomplete and should not be negotiated.

2. Major points in the discussion should include, but not be limited to:

   1) If the picture on a driver's license does not look like the person cashing the check, it should not be accepted.

   2) If the plastic lamination on a driver's license has been tampered with, it should not be accepted.

   3) Credit cards that have not been signed by the person cashing the check should not be used as identification.

   4) Department of Public Safety ID's are issued to handicapped, elderly, or people who do not drive. If an able-bodied person presents this for identification, it should not be accepted.

   5) If a driver's license is expired, it should not be accepted as identification. The only exception would be if a temporary driver's license is presented along with the expired license.

   6) If the person has only out of town identification and cannot provide a local address, his/her identification should not be accepted.

   Above all, when the teller makes the decision whether or not identification is acceptable, the teller should ask himself, "Can I find that person to collect that money if the check is returned?"

TRUE AND FALSE

1. A check digit is a suffix numeral used by bank computers to test the validity of an account number.
2. EFTS is the common abbreviation for Electronic Funds Testing Systems.
3. Only checks and deposits must be processed through the bank's bookkeeping department.
4. The General Ledger department coordinates the total figures from each bank department in order to prepare a daily financial statement for the bank.
5. The posting process performed by bookkeeping is also referred to as the paying of checks.
6. Debit and credit tickets are seldom prepared by the bookkeeping department.
7. One of the basic bookkeeping functions is to post all debits and credits to the proper account.
8. Rendering statements to customers is normally not handled by the bookkeeping department.
9. A certified check is drawn by a bank on itself.
10. A stale dated check is an item bearing a date one year or more prior to its presentation.
11. A genuine signature is the same as an authorized signature.
12. The bookkeeping department is required to verify that each check paid is an actual check, drawn on an account with the bank.
13. A check may not be paid if it is post dated.
14. An example of a non-visual validity test would be verifying the account has sufficient funds to cover the amount of the check.
15. The payee line on a check must be completed in order for the bank to pay the check.
16. It is not necessary to stamp each check "paid" prior to filing the check.
17. Rather than return paid checks to the customer, many banks now truncate checks.
18. Bookkeeping personnel normally do not check for sufficient funds in the account when transfers are requested by phone.
19. The first three digits found at the bottom left of the check denote the check number.
20. The amount of the check is encoded on the far right bottom of the check.

21. MICR is the abbreviation for Magnetic Ink Character Recognition.
22. The Federal Reserve District is not included in the MICR encoding of a check.
23. Paying a check is the same as receiving money in exchange for a check.
24. A group of checks, deposits, or other work that has been assembled for processing is called a batch.
25. If a bank truncates checks, the customers receive checks they have written with each bank statement.

MULTIPLE CHOICE

1. A place where employees of commercial banks in a similar location meet daily to exchange checks is a(n):

   A. Automated clearinghouse
   B. Clearinghouse
   C. Collection location
   D. Truncating location

2. The ______ is an identifying number assigned to each bank, showing the city, state or territory and identifies the bank itself.

   A. ABA transit number
   B. ABA check digit
   C. Clearing number
   D. Collection number

3. Which of the following is not a cash item?

   A. Checks
   B. Instruments payable on demand
   C. Credit tickets
   D. Dishonored checks

4. The bank term for counterfeiting a check or other document is:

   A. Counterfeiting
   B. Forgery
   C. Kiting
   D. Dishonoring

5. The dishonest use of uncollected funds by a person who writes a check overdrawing one account and makes up the deficiency by depositing into that same account a check drawn on another bank where there are also insufficient funds is called:

   A. Dishonoring
   B. Counterfeiting
   C. Kiting
   D. Forgery

6. The term ______ is used to describe a negative balance in an account, resulting from the paying of checks in an amount greater than the balance.

   A. Overdraft
   B. Negation
   C. Truncation
   D. Kiting

7. ______ describes the banking system that reduces the need to physically handle checks for customer's accounts, and where the checks are stored at the point of entry.

   A. Dishonoring
   B. Proofing checks and deposits
   C. Missorting
   D. Truncation

8. Many banks today refer to the system where the work of examining checks, posting them to accounts and rendering statements is performed as:

   A. The collection area
   B. Demand deposit accounting
   C. The clearing department
   D. The debit/credit location area

9. Responsibilities of employees in a bookkeeping department include:

A. Examining and posting checks, collecting checks and providing internal reports
B. Examining and posting checks, sorting checks and rendering statements to customers
C. Examining and posting checks, providing input for internal reports, rendering statements to customers and supplying information to legitimate inquiries
D. Collecting and sorting checks, examining and posting items, rendering statements to customers and answering the telephone

10. The _______ department gathers figures from all departments and prepares a daily financial statement that show all assets and liabilities for the entire bank.

A. Bookkeeping
B. Trust
C. Collection
D. General Ledger

11. The caption "demand deposits" shown on the financial statement of a bank is the result of:

A. The sum total of all closing balances of customer's checking accounts
B. The sum of all debits posted that day to customers' checking accounts
C. The sum of all credits posted that day to customer's checking accounts
D. The General Ledger totals posted at the end of each day

12. The posting process performed by bookkeeping can also be referred to as:

A. Cashing checks
B. Truncating checks
C. Paying checks
D. Debiting checks

13. All of the following are sources of bookkeeping work EXCEPT:

A. Deposit slips originating with tellers
B. Debit and credit tickets prepared by the loan department
C. Income tickets prepared by the cashier
D. Automated clearinghouse

14. The bookkeeping department would not accept checks presented by:

A. Tellers, either cashed or taken on deposit
B. Clearinghouses
C. Federal Express
D. Federal Reserve

15. One function of the bookkeeping department is:

A. Balancing the bank's cash
B. Examining all debits and credits affecting customer accounts
C. Advising the customer on maintaining sufficient balances
D. Paying the bank's bills

16. Bookkeeping work is examined for:

A. Debit or credit balances
B. Proper account numbers and dollar amounts
C. Automated account balances
D. ATM availability

17. A responsibility that does not belong to the bookkeeping department is:

A. Posting all debits and credits to the proper account
B. Returning items that are dishonored
C. Rendering statements to customers
D. Balancing the bank's debits and credits

18. Banks use _______ to reduce possible errors and improve accuracy.

A. Dual counting
B. Increased verification
C. Dual posting
D. Individual examination

19. A _______ divides all the bank's checking accounts into groups and designates the days of the month on which statements will be rendered to each group.

A. Cycle statement system
B. Dual posting system
C. Collection system
D. Balancing system

20. A MICR sorter-reader:

A. Proofs the daily account balances
B. Copies information encoded on each item and prepares a magnetic tape
C. Returns items that are dishonored
D. Tells the bookkeeping department which accounts have sufficient funds

21. If the date, payee or amount on a check has been changed it is called a(n):

A. Cancelled check
B. Outstanding check
C. Forged check
D. Altered check

22. When a check has been cancelled:

A. It is outstanding
B. The depositor has written the check and it has been paid
C. It has been signed
D. The bookkeeping department has examined the check

23. A check signed by a party in the presence of a bank employee and again in the presence of the party requested to cash the check is called a:

A. Traveler's check
B. Signed check
C. Cashier's check
D. Certified check

24. One difference between a cashier's check and a certified check is:

    A. They are drawn on different banks
    B. One is drawn by the bank on itself and one is drawn on a customer's account
    C. A certified check is used only for identification purposes
    D. A cashier's check has already been pre-paid

25. An item bearing a date six months or more prior to its presentation is referred to as:

    A. Altered
    B. Post dated
    C. Certified
    D. Stale dated

26. An item bearing a future date is referred to as:

    A. Automated
    B. Non-negotiable
    C. Post dated
    D. Stale dated

27. What banking term describes a check cashed or deposited at the same bank on which it is drawn?

    A. On-us check
    B. Bank check
    C. Prepaid check
    D. Negotiable item

28. A genuine signature is:

    A. Not forged
    B. An authorized signature
    C. The signature typed on the signature card
    D. Similar to the authorized signature

29. Alterations to checks most commonly occur to the:

    A. ABA routing number
    B. Checking account number
    C. Amount of the item
    D. Endorsement

30. Which is NOT one of the five visual tests performed in examining a check?

    A. Is the item an actual check?
    B. Is the item drawn on an open account with our bank?
    C. Is the account balance sufficient?
    D. Is the check properly dated?

31. Two of the five visual steps in examining checks are:

    A. Has the check been altered and are there sufficient funds in the account?
    B. Has a stop payment order been placed on the account and are there sufficient funds in the account?
    C. Has the check been altered and is it properly dated?
    D. Is the check an actual item and are there holds on the account?

32. Which is a non-visual test in examining a check?

    A. Alteration
    B. Stop payment
    C. Signature
    D. Endorsement

33. Checks and deposits are filmed:

    A. At the end of each month
    B. Before they are filed
    C. At the beginning of the statement cycle
    D. When requested by the customer

34. Procedures when filing checks include verifying:

    A. That the written figure and encoded amounts agree
    B. Sufficient funds are in the account
    C. The teller's number has been stamped on the check
    D. ATM amounts

35. A procedure which would not be followed in filing checks is:

    A. Putting the checks to the back of the file
    B. Verifying genuine and authorized signatures
    C. Listing the check on the customer's statement
    D. Stamping the check paid

36. When banks microfilm checks and retain them for a period of time, it is referred to as:

    A. Filing
    B. Saving
    C. Truncating
    D. Paying

37. According to the Uniform Commercial Code, a bank customer has ______ from the date of the statement to discover and report unauthorized signatures or alterations .

    A. One year
    B. One day
    C. One month
    D. No limit of time

38. Completed statements are most often produced:

    A. Annually
    B. Daily
    C. Monthly
    D. As requested

39. Paid items on a bank statement are listed:

    A. As they are paid
    B. According to check number
    C. According to amount
    D. As the MICR sorter reads them

40. In order to transfer funds from one account to another, the customer would NOT be requested to give:

    A. Account number
    B. Amounts to be transferred
    C. Time of day the request is made
    D. Name of the account

41. Procedures used in transferring funds for a customer, over the telephone would include:

    A. Asking the customer for complete address and checking for sufficient funds
    B. Asking for the amount to be transferred and notifying the bank cashier
    C. Asking the customer to sign the withdrawal slip and verifying the amount of transfer
    D. Cross-selling the customer on a savings account and asking for the phone number of customer

42. The technical name for MICR is:

    A. Magnetic Information Code Recorder
    B. Magnetic Information Character Record
    C. Magnetic Ink Character Recognition
    D. Magnetic Ink Code Recognition

43. Sorting and routing information is found:

    A. At the top right of the check
    B. At the bottom left of the check
    C. At the far right bottom of the check
    D. At the top left of the check

44. The account number, in MICR encoding, is located:

    A. In the top right corner
    B. In the bottom left corner
    C. In the middle bottom field
    D. In the middle top field

45. The amount of a check is encoded:

    A. In the right-hand field of numbers at the bottom of the check
    B. Over the written amount of the check
    C. To the left of the account number
    D. Next to the signature

46. A _______ is a group of checks, deposits, or other work that has been assembled for proof and processing purposes.

    A. Bundle
    B. Batch
    C. Group
    D. Package

47. EFTS stands for:

    A. Electronic Full Transfer System
    B. Electronic Funds Testing System
    C. Electronic Forgery Testing System
    D. Electronic Funds Transfer System

48. The restriction on payment of all or part of the balance in an account is called a:

    A. Dishonor
    B. Kite
    C. Hold
    D. Dual control

49. NSF is the abbreviation for:

A. No Sum Found
B. Not Sufficient Funds
C. Non Sufficient Forgery
D. Non Source Funds

50. A proof machine would not:

A. Record the transaction on the customer's account
B. Sort items
C. Provide totals for each sorted group of items
D. Balance the total to the original input amount

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. ABA Transit Number
B. Automated Clearinghouse
C. Bank statement
D. Batch
E. Cash items
F. Check routing symbol
G. Clearing
H. Clearinghouse
I. Collecting a check
J. Collection items
K. Debit
L. Debit balance
M. EFTS
N. Forgery
O. Hold
P. Honor
Q. Insufficient funds
R. Kiting
S. Microfilm
T. Missort
U. Money order
V. Overdraft
W. Proof
X. Proof department
Y. Raised check
Z. Truncation

_____ 1. Counterfeiting a check or other item with intent to defraud.

_____ 2. Identifying number assigned to each bank.

_____ 3. A negative balance resulting from paying an amount of checks greater than the depositor's balance.

_____ 4. The lack of funds in an account meaning an excess of total debits over total credits.

_____ 5. A charge against the customer's deposit account.

_____ 6. Dishonest use of uncollected funds.

_____ 7. A photographic process for recording reduced images of checks for recordkeeping and storage purposes.

_____ 8. A printed report from the bank to the customer, showing beginning and ending balances and all transactions.

_____ 9. An item on which the dollar amount has fraudulently been increased.

_____ 10. A group of checks, deposits, or other work that has been assembled for proof and processing purposes.

_____ 11. Routing a check from the point of origin to the customer's bank for the purpose of payment.

_____ 12. Pay or accept an item when presented for payment.

_____ 13. Items accepted for immediate credit.

_____ 14. Check routed in error.

_____ 15. Official bank check sold by the bank to individuals for the purpose of making payments.

_____ 16. Place where checks, drafts, and similar items are exchanged by banks.

_____ 17. Funds insufficient to cover a check or checks.

_____ 18. Items received by a bank subject to collection before proceeds are credited to a depositor's account.

_____ 19. Eliminates or reduces the use of checks.

_____ 20. Process that tests accuracy of a function.

_____ 21. Computerized facility that clears paperless entries between member banks.

_____ 22. Restriction of payment from an account balance.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

__________ 1. ______ a check is receiving money in exchange for a check.

__________ 2. A debit balance is the lack of funds in an account, meaning an excess of total ______ over total credits.

__________ 3. Forgery is the term for ______ a check or document with the intention to defraud.

__________ 4. The dishonest use of uncollected funds is called ______.

__________ 5. A raised check is an item on which the ______ of the check has been increased.

__________ 6. DDA is used to refer to the bank's ______ department.

__________ 7. Employees in the bookkeeping department are responsible for ______ and posting checks.

__________ 8. The posting process can also be referred to as the ______ of checks.

__________ 9. Checks are presented by tellers, other banks, the Federal Reserve, and ______.

__________ 10. Checks may be examined ______ or by machine.

__________ 11. Encoded groups of numbers on the bottom of checks and deposit slips are ______ encoding.

__________ 12. Banks use a ______ statement system to render bank statements to its customers.

__________ 13. A ______ is a signed, written order by the drawer, to another person, directing the drawee to pay a specified sum of money to a third party, the payee.

__________ 14. A check that the depositor has written and which has been paid from the depositor's account is said to be ______.

__________ 15. A house check can also be referred to as a(n) ______ check.

__________ 16. A ______ check bears a date six months or more prior to its presentation.

__________ 17. A check which is signed two times, for identification purposes is a ______ check.

__________ 18. A bookkeeping employee examining a check for sufficient funds would be performing a(n) ______ test.

__________ 19. A ______ signature is an actual, valid signature.

__________ 20. When filing checks, the clerk should examine the checks to determine whether the written, figure, and ______ amounts agree.

__________ 21. Checks are filed to the ______ of the file, while deposits are filed to the ______ of the file.

__________ 22. Checks retained by the bank, and not returned to the customer are called ______ checks.

ESSAY

1. List and briefly describe the five (5) visual tests in examining a check for payment.

   (1)

   (2)

   (3)

   (4)

   (5)

2. Define cash items. List three (3) items that would be described as cash items.

   (1)
   (2)
   (3)

ANSWERS

True And False

1. T
2. F
3. F
4. T
5. T
6. F
7. T
8. F
9. F
10. F
11. F
12. T
13. T
14. T
15. T
16. F
17. T
18. F
19. F
20. T
21. T
22. F
23. F
24. T
25. F

Multiple Choice

1. B
2. A
3. C
4. B
5. C
6. A
7. D
8. B
9. C
10. D
11. A
12. C
13. C
14. C
15. B
16. B
17. D
18. C
19. A
20. B
21. D
22. B
23. A
24. B
25. D
26. C
27. A
28. A
29. C
30. C
31. C
32. B
33. B
34. A
35. C
36. C
37. A
38. C
39. B
40. C
41. A
42. C
43. B
44. C
45. A
46. B
47. D
48. C
49. B
50. A

Matching

1. N
2. A
3. V
4. L
5. K
6. R
7. S
8. C
9. Y
10. D
11. G
12. P
13. E
14. T
15. U
16. H
17. Q
18. J
19. M
20. W
21. B
22. O

Fill in the Blank

1. Collecting
2. Debits
3. Counterfeiting
4. Kiting
5. Amount
6. Bookkeeping
7. Examining
8. Paying
9. Clearinghouses
10. Visually
11. MICR
12. Cycle
13. Draft
14. Cancelled
15. On-us
16. Stale-dated
17. Traveler's
18. Non-visual
19. Genuine
20. Encoded
21. Back, front
22. Truncated

Essay

1. Major points in the discussion should include, but not be limited to:

   1) Is the item an actual check, drawn on an open account with the bank?

      The bank must ensure that the item is a valid check on which the bank is the drawee, and it must be drawn against an account that permits withdrawals.

   2) Is the drawee's signature genuine and authorized?

      The account may require more than one signature. A genuine signature is one that is not forged; an actual, valid signature of the maker. A genuine signature may not always be an authorized one.

   3) Has the check been altered?

      Has anything on the check been changed, such as the date or amount.

   4) Is the check properly dated?

      The check must not be dated in the future or more than six months prior to its presentation.

   5) Has the check been properly endorsed?

      Does the payee of the check match the endorsement on the back of the check.

2. Major points in the discussion should include, but not be limited to:

   1) Cash items are items which are accepted by a bank for immediate credit to a depositor's account and are subject to charge back to the customer's account if the items are not actually paid.

   2) Cash items would be: checks, instruments payable upon demand, dishonored checks or drafts, debit tickets and items that cannot be disposed of on the day they are received and are usually held by the collection department or head teller.

COMPETENCY MATRIX OF TEST BANK QUESTIONS

SECTION I

SECTION I		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
1	1	1,25-31	2-6,30-34,36-50	1-20	12,13,15-20	
	2	2-5	1,7-10		1-6	1
	3	6,7	10		7-9	
	4	8,9	11		10	
	5	10	12			
	6	11	2,17			
	7	12,13	13			
	8	14,15	14			
	9	16,17	16		14	
	10	18,19	18,19			
	11	20,21	3,20,21,26,28			2
	12					
	13	22,23	25			
2	1	2,4-16,34	6-9,18,20,21,51-55	1-20	1-2,4-6,9, 10,13,17-19	
	2		12,49			
	3		13			
	4					

SECTION I		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
2	5	17	11,50			
	6					
	7	18			12	
	8		1-2,17		3,7	
	9					
	10	25				
	11	19-20,21	4			
	12					
	13	22-24	3,44			
	14		10			
	15	1	5		8	
	16		48			
	17		45			
	18	32	14-15,34,47			
	19		35,36			
	20		37			
	21	3				1
	22					
	23	33,35	22-26		15-16,20	
	24	26-27	19,46		11	
	25	28-29				
	26		27			

SECTION I		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
2	27					2
	28					
	29		28, 38			
	30		39			
	31	30-31	29-31,40-43		14	
	32		32-33			
3	1	1-2,11,21, 23-25	1-8,20-22,26-29, 37,42	1-22	1-4,9,13,14 19,22	2
	2		10,18,19		6	
	3		13			
	4	3-8,12	9,12,14-17		7-8	
	5	9-10,13	23-25		5,15-17	
	6	15	30-31		10	1
	7	14	32		18	
	8	16	33-36		20-21	
	9	17	38-39		12	
	10	18	40-41			
	11	19-20,22	44-45		11	

TRUE AND FALSE

1. Banks do **NOT** require personal characteristics of business owners when making a loan.

2. The name of a close relative is **NOT** needed when making a personal loan application.

3. On a business loan application the nature of the business will be included.

4. The Fair Credit Reporting Act has no control over the credit bureaus.

5. Credit reports legally may be requested for investigations of credit applications.

6. An important source of information on the credit standing of retailers is Dun & Bradstreet, Inc.

7. Credit agencies provide retail credit rating information on individuals.

8. The credit bureau will not include bankruptcy information on a credit report.

9. Several sources of credit information include personal interview, bank credit files and other creditors.

10. Anyone using a credit report without authorization is liable for a fine and/or a year in jail.

11. You may not see your own credit report.

12. Private credit bureaus collect data and publish confidential reports for their subscribers, who are usually retailers.

13. Dun & Bradstreet, Inc., does not publish its findings.

14. The government never uses credit.

15. There are three types of credit: consumer, commercial, and government.

16. Obtaining the birth certificate of the applicant is part of the credit investigation.

17. Interviewing a prospective borrower is part of the credit investigation.

18. Checking bank credit files for a complete banking history of the applicant is part of the credit investigation.

19. Obtaining an income statement from business applicants is part of the credit investigation.

20. Interviewing the borrower's parents is part of the credit investigation.

21. After the completion of the application, verifying the applicant's job is the next step in the credit investigation.

22. Obtaining credit ratings from both current and past creditors is part of the credit investigation.

23. Contacting the local police department for the applicant's criminal record is part of the credit investigation.

24. Contacting the borrower's high school for the number of absences during his/her senior year is part of the credit investigation.

25. Checking for the collateral available from the borrower is part of the credit investigation.

MULTIPLE CHOICE

1. A summary of a person's credit history.

   A. Asset
   B. Credit file
   C. Credit report
   D. Sales credit

2. To conduct an official inquiry.

   A. Credit
   B. Loan credit
   C. Debtor
   D. Investigate

3. Anything owned by an individual or business that has commercial or exchange value.

   A. Creditor
   B. Asset
   C. Debtor
   D. Credit

4. Used to acquire goods and services and pay for them at a later date.

   A. Trade credit
   B. Revolving credit
   C. Loan credit
   D. Sales credit

5. Credit extended by one business firm to another business firm.

   A. Trade credit
   B. Sales credit
   C. Credit file
   D. Retail credit

6. Credit that is extended by the retailer to the consumer.

   A. Sales credit
   B. Trade credit
   C. Loan credit
   D. Retail credit

7. One who buys on credit or receives a loan and promises to pay later.

   A. Debtor
   B. Creditor
   C. Employer
   D. Agent

8. A method for repaying a debt in a series of payments, used primarily for larger, more expensive purchases.

   A. Loan credit
   B. Revolving credit
   C. Retail credit
   D. Installment credit

9. A financial tool with which a person or a small business may acquire cash, goods, or services with an agreement with the seller that the buyer promises to pay the debt at some time in the future.

   A. Asset
   B. Consumer credit
   C. Credit
   D. Credit bureau

10. One who makes the loan or sells on credit.

A. Debtor
B. Employer
C. Creditor
D. Agent

11. A general banking term for loans extended to individuals or small businesses, usually on an unsecured basis and providing for monthly repayment.

A. Retail credit
B. Consumer credit
C. Credit
D. Installment credit

12. A company that operates for profit in the business of accumulating, storing, and distributing credit information.

A. Credit
B. Credit bureau
C. Loan credit
D. Revolving credit

13. The complete record of a credit performance.

A. Credit file
B. Credit record
C. Credit history
D. Credit log

14. A written report issued by a credit bureau.

A. Credit report
B. Credit history
C. Credit
D. Consumer credit

15. A loan of money in exchange for a promise to repay the amount borrowed at a later date.

A. Loan credit
B. Credit history
C. Retail credit
D. Sales credit

16. Customer is permitted to make purchases on credit at any time, usually up to a specified amount, with the option of paying the full amount at the end of the billing period or making partial payments each month.

A. Loan credit
B. Retail credit
C. Credit
D. Revolving credit

17. Personal data on all principal owners would be found on:

A. Government credit application
B. Business credit application
C. Consumer credit application
D. Financial credit application

18. An applicant's home phone number would be found on a:

A. Government credit application
B. Business credit application
C. Consumer credit application
D. Financial credit application

19. Business references would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

20. Other charge accounts and loans would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

21. The applicant's car make and model would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

22. The applicant's length of employment would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

23. A profit and loss statement would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

24. The position the applicant holds and his/her salary would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

25. The applicant's employer and the employer's address would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

26. A detailed list of debts and loans would be found on a:

A. Government credit application C. Consumer credit application
B. Business credit application D. Financial credit application

27. The government uses credit to pay for projects. Which of the following would be an example of this type of credit?

A. Stocks C. Bonds
B. Treasury bills D. Certificates of deposit (CDs)

28. Which of the following is **NOT** one of the types of credit discussed in this unit?

A. Financial C. Business
B. Government D. Consumer

29. Which of the following is **NOT** a source of credit information?

A. Personal interview
B. Applicant
C. Written application
D. Employer

30. Which of the following is **NOT** information provided by credit bureaus for trade credit?

A. Out-of-area information
B. Trade discount information
C. Consumer's present credit status
D. List of reported credit information

31. According to the Fair Credit Reporting Act, the credit bureau must disclose upon your request all of the following EXCEPT:

A. Bank files
B. The names of potential employers who have received reports on you in the last two years.
C. The sources of all information in your file.
D. The names of creditors who have received reports on you in the last six months.

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Government credit
B. Bonds
C. Asset
D. Creditor
E. Credit Bureau
F. Consumer credit
G. Business credit
H. Fair Credit Reporting Act
I. Investigate
J. Retail credit

_____ 1. _______ is anything that is owned that has value.

_____ 2. _______ includes the installment loan and various types of revolving charge accounts.

_____ 3. _______ is in the business of accumulating credit information.

_____ 4. A _______ is one who makes the loan.

_____ 5. _______ pays for projects such as building highways.

_____ 6. _______ attempts to regulate the actions of credit bureaus dispensing erroneous information about private citizens.

_____ 7. _______ is a general banking term for loans extended to individuals or small businesses, usually on an unsecured basis and providing for monthly repayment.

_____ 8. _______ provide a promise to pay a specific amount plus interest at a certain time.

_____ 9. _______ is extended by the retailer to the customer.

_____ 10. To _______ is to conduct an official inquiry.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

____________________ 1. ______ helps many people buy the goods and services needed to satisfy their immediate wants.

____________________ 2. ______ provide trade credit rating information on businesses.

____________________ 3. A ______ is a summary of a persons credit history.

____________________ 4. ______ is credit extended by one business firm to another business firm.

____________________ 5. ______ is a term for loans extended to individuals usually on an unsecured basis.

____________________ 6. Anything owned by an individual or business that has commercial or exchange value.

____________________ 7. A financial tool with which a person or a business may acquire cash, goods, or services with an agreement with the seller that the buyer promises to pay the debt at some time in the future.

____________________ 8. A company that operates for profit in the business of accumulating, storing, and distributing credit information.

____________________ 9. The complete record of a credit performance.

____________________ 10. A written report issued by a credit bureau.

____________________ 11. One who makes the loan or sells on credit.

____________________ 12. One who buys on credit or receives a loan and promises to pay later.

____________________ 13. A method for repaying a debt in a series of payments, used primarily for large, more expensive purchases.

____________________ 14. To conduct an official inquiry.

____________________ 15. A loan of money in exchange for a promise to repay the amount borrowed at a later date.

____________________ 16. Credit that is extended by the retailer to the customer.

____________________ 17. Customer is permitted to make purchases on credit at any time, usually up to a specified amount, with the option of paying the full amount at the end of the billing period or making partial payment each month.

____________________ 18. Used to acquire goods and services and pay for them at a later date.

____________________ 19. ______ attempts to regulate the actions of credit bureaus dispensing erroneous information about private citizens.

____________________ 20. The sources of credit information is the ______, the personal interview and the written application.

ESSAY

1. List and discuss the eight (8) steps in the process of credit investigation.

   (1)

   (2)

   (3)

   (4)

   (5)

   (6)

   (7)

   (8)

2. Discuss what is included in a credit report provided by credit bureaus.

ANSWERS

True and False

1. F
2. F
3. T
4. F
5. T
6. T
7. T
8. F
9. T
10. T
11. F
12. T
13. F
14. F
15. T
16. F
17. T
18. T
19. T
20. F
21. T
22. T
23. F
24. F
25. T

Multiple Choice

1. B
2. D
3. B
4. B
5. A
6. D
7. A
8. D
9. B
10. C
11. B
12. B
13. C
14. A
15. A
16. D
17. B
18. C
19. B
20. C
21. C
22. C
23. B
24. C
25. C
26. B
27. C
28. A
29. D
30. B
31. A

Matching

1. C
2. F
3. E
4. D
5. A
6. H
7. F
8. B
9. J
10. I

Fill in the blank

1. Consumer credit
2. Credit agencies
3. Credit file
4. Trade credit
5. Consumer credit
6. Asset
7. Credit
8. Credit bureau
9. Credit history
10. Credit report
11. Creditor
12. Debtor
13. Installment credit
14. Investigate
15. Loan credit
16. Retail credit
17. Revolving credit
18. Sales credit
19. Fair Credit Reporting Act
20. Applicant

Essay

1. The eight steps in the process of credit investigation are:

   (1) Interview prospective borrower; find out the amount requested, purpose of the loan, length of time funds will be needed, sources of repayment and is collateral available;
   (2) Complete loan application; verify applicant's job;
   (3) Obtain income statement from business applicants;
   (4) Obtain credit report; verifying the financial information given on the application and spot check a few of the sources and some of the reported facts;
   (5) Obtain credit rating from both current and past creditors;

(6) Check personal references to determine how the applicant handles his/her financial responsibilities and whether or not he/she has been reliable;
(7) Check bank credit files for complete history of bank's relationship with customer;
(8) Contact business applicant's credit references.

2. Credit report information provided by credit bureaus include:

   a. Identification including full name of consumer, spouse's name, how long the file has been active, last file activity date, present address, any nicknames, marital status, number of dependents, date of birth, social security number, social security number of spouse.
   b. Summary of information including total credit rating points, newest and oldest reporting dates, whether public records or out-of-area information is included, number of active accounts the consumer has and the credit range of those accounts, and any statements added to the file by the consumer.
   c. Public records and other information including bankruptcy information, information about loan repayment or default and balance owing, and any other court proceedings against the consumer with regard to debt payment.
   d. Inquiries including number of inquiries made by subscribers within the last six months, and list of inquiries by name, number, and date of inquiry.
   e. Trade information including consumer's present credit status, list of reported credit information about company, date reported, dates accounts opened, credit limits and amounts of monthly payments. Also the number of years or months paying or left to pay, balance owing, any amounts past due, account types, account numbers, number of months the accounts were late, and previous high balances.

TRUE AND FALSE

1. Capital is especially important when people lose jobs or when businesses suffer losses.

2. Someone who has moved five times during the past year might not be considered a good risk because of living conditions that indicate some type of problems.

3. Experts agree that the best single measure of whether to grant credit is one's character.

4. Credit can be denied only because of an applicants financial status, credit history, or other money-related reasons.

5. Creditors can deny credit because an applicant receives income from a public program.

6. Creditors may ask about an applicant's plans for children when determining whether or not to extend credit.

7. The six C's determine the answers to two basic questions: Will the customer pay and can the customer pay.

8. Trade customers capacity includes technical know-how and management skill.

9. The process of credit analysis involves gathering all information that is available on the proposed borrower.

10. Credit-scoring systems are not used by financial institutions today.

11. If a borrower has been working at the same job for the last five years, it can be used as a credit guideline.

12. If a person has been married three times in five years, it can be used as a credit guideline.

13. If a person is over 65 years of age, it can be used as a credit guideline.

14. If the borrower's parents were born outside the United States, it can be used as a credit guideline.

15. If the borrower wants to go on a cruise around the world for his honeymoon, it can be used as a credit guideline.

16. If the borrower has always paid his home mortgage on time, it can be used as a credit guideline.

17. If the borrower is receiving Social Security payments, it can be used as a credit guideline.

18. If the borrower owns stock in IBM that is worth $10,000, it can be used as a credit guideline.

19. If the borrower's wife works and will also be liable for the loan, it can be used as a credit guideline.

20. If the borrower and his wife plan to have six children, it can be used as a credit guideline.

21. The purpose of credit analysis is to analyze the borrower's application for credit using guidelines that will enable the bank to minimize profits and maximize losses.

22. According to the ECOA, if credit is denied, the denial must be in writing; however, it does not have to list the specific reasons for the denial.

23. As a result of the ECOA, both husband and wife establish their own credit histories.

24. There is no federal law that is designed to prevent discrimination in credit worthiness.

25. A lender has the right to ask **ANY** question of the borrower.

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MULTIPLE CHOICE

1. Property or possessions that can be mortgaged.

   A. Line of credit
   B. Conditions
   C. Collateral
   D. Capital

2. To confirm or substantiate accuracy.

   A. Capacity
   B. Verify
   C. Common sense
   D. Credit risk

3. Existing debts, stability of employment, and personal factors which determine a person's ability to meet financial obligations.

   A. Credit rating
   B. Creditable
   C. Line of credit
   D. Conditions

4. Worthy of credit.

   A. Creditable
   B. Conditions
   C. Capacity
   D. Character

5. Ability to repay a loan or make payments out of present income.

   A. Credit risk
   B. Common sense
   C. Capacity
   D. Line of credit

6. A responsible attitude toward paying bills and meeting obligations on time.

   A. Character
   B. Credit analysis
   C. Capital
   D. Verify

7. Property and other assets that total more than debts.

   A. Capital
   B. Creditable
   C. Verify
   D. Credit rating

8. A maximum amount a lender or creditor will permit a customer to owe at any one time.

   A. Conditions
   B. Capacity
   C. Character
   D. Line of credit

9. A person's ability to make wise decisions.

   A. Credit rating
   B. Common sense
   C. Verify
   D. Creditable

10. The possibility that a debtor may not be able to repay.

A. Capacity C. Credit risk
B. Character D. Conditions

11. To analyze and evaluate all the compiled information in order to make a credit judgment for approval or denial of credit.

A. Conditions C. Credit analysis
B. Capital D. Credit worthiness

12. A person's reputation for paying his debts on time.

A. Credit rating C. Character
B. Collateral D. Verify

13. The borrower is active in his community and his church.

A. Character C. Capital
B. Capacity D. Conditions

14. The borrower has answered all questions honestly and handled himself well during the interview.

A. Capital C. Collateral
B. Conditions D. Common sense

15. The borrower has changed jobs three times in the last year.

A. Character C. Capital
B. Capacity D. Conditions

16. The borrower has made all credit card payments on time every month for two years.

A. Capital C. Collateral
B. Conditions D. Common sense

17. The borrower has a two carat diamond ring he/she inherited from a relative.

A. Capital C. Collateral
B. Conditions D. Common sense

18. The borrower has a new born baby, and has no insurance.

A. Character C. Capital
B. Capacity D. Conditions

19. The borrower has no current credit obligations.

A. Character C. Capital
B. Capacity D. Conditions

20. The borrower has a savings account and stocks that equal more than his current debts.

A. Character
B. Capacity
C. Capital
D. Conditions

21. The borrower has just received a $2 an hour raise.

A. Character
B. Capacity
C. Capital
D. Conditions

22. The borrower has a late model car that is clear of debt.

A. Capital
B. Conditions
C. Collateral
D. Common sense

23. According to the ECOA, creditors must do all of the following, EXCEPT:

A. Notify the applicant of action taken within 60 days of submittal
B. If credit is denied, the denial must be in writing and it must list the reasons for denial
C. If an applicant wishes to appeal a denial, the creditor must give the applicant the name and address of the federal agency which enforces the law for his or her type business
D. The creditor must disclose the name and address of the credit bureau providing the report, if the credit was denied due to this report

24. Credit qualification guidelines include all of the following, EXCEPT:

A. Borrower's financial status is sound
B. The purpose of loan is legitimate but does not have to be justified
C. Specific source of repayment will materialize on time
D. There are reasonable alternative sources of repayment

25. When using credit-scoring systems, all of the following should be included EXCEPT:

A. Points are assigned to each of the six Cs
B. The factors are not specified on the applications
C. Answers are assigned a specific number of points
D. To receive credit, an applicant must earn a predetermined number of points

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Line of credit
B. Collateral
C. Common sense
D. Conditions
E. Character
F. Credit analysis
G. Equal Credit Opportunity Act
H. Capacity
I. Credit-scoring systems
J. Capital

____ 1. ______ reflects one's moral obligations to pay debts, and includes honesty and attitude toward indebtedness.

____ 2. ______ is the maximum amount a lender or creditor will permit a customer to owe at one time.

____ 3. ______ is the availability of assets to offer as security for a loan.

____ 4. ______ is the federal law designed to prevent discrimination in judgments of credit worthiness.

____ 5. ______ is determined by evidence of potential to pay based on current income.

____ 6. ______ is the determination regarding the ability to handle credit.

____ 7. ______ are used by some financial institutions to reduce the possibility of discrimination in rating someone for credit.

____ 8. ______ is determined by evidence of property and other assets that total more than debts.

____ 9. ______ is analyzing the application for credit using guidelines that enable the bank to minimize losses.

____ 10. ______ are other factors to be considered that might affect a person's ability to meet financial obligations.

FILL IN THE BLANK

INSTRUCTIONS: **Place the appropriate word or words in the blank provided.**

______________________ 1. ______ is considered the most important factor in approving credit.

______________________ 2. Retail customers' ______ refers mainly to steady employment and pay.

______________________ 3. For an individual, ______ means having assets such as savings or a car.

______________________ 4. The ______ stipulates actions of the creditor for protection of the borrower.

______________________ 5. ______ uses the past and present as reasons to explain what should happen in the future.

______________________ 6. Property or possessions that can be mortgaged.

______________________ 7. A person's ability to make wise decisions.

______________________ 8. Existing debts, stability of employment, and personal factors which determine a person's ability to meet financial obligations.

______________________ 9. A person's reputation for paying his/her debts on time.

______________________ 10. The possibility that a debtor may not be able to repay the debt.

______________________ 11. A person's ability to repay debts.

______________________ 12. Worthy of credit.

______________________ 13. The maximum amount a lender or creditor will permit a customer to owe at any one time.

______________________ 14. To confirm or substantiate accuracy.

______________________ 15. ______ used in credit analysis and are used by some financial institutions to reduce the possibility of discrimination in rating someone for credit.

ESSAY

1. Discuss the purposes and four (4) provisions of the EQUAL CREDIT OPPORTUNITY ACT, which stipulate what creditors cannot do.

2. List the six (6) C's used for credit analysis and discuss each.

(1)

(2)

(3)

(4)

(5)

(6)

ANSWERS

True and False

1. T
2. T
3. T
4. T
5. F
6. F
7. T
8. T
9. T
10. F
11. T
12. F
13. F
14. F
15. T
16. T
17. F
18. T
19. T
20. F
21. F
22. F
23. T
24. F
25. F

Multiple Choice

1. C
2. B
3. D
4. A
5. C
6. A
7. A
8. D
9. B
10. C
11. C
12. A
13. A
14. D
15. D
16. A
17. C
18. D
19. B
20. C
21. B
22. C
23. A
24. B
25. B

Matching

1.	E	3.	B	5.	H	7.	I	9.	F
2.	A	4.	G	6.	C	8.	J	10.	D

Fill in the blank

1. Character
2. Capacity
3. Capital
4. ECOA
5. Credit analysis
6. Collateral
7. Common sense
8. Conditions
9. Credit rating
10. Credit risk
11. Credit worthiness
12. Creditable
13. Line of credit
14. Verify
15. Credit-scoring systems

Essay

1. The purpose of the Equal Credit Opportunity Act is to have a federal law that is designed to prevent discrimination in judgments of credit worthiness. Also, to make people aware that credit can be denied only because of an applicant's financial status, credit history, or other money-related reasons. Provisions of the ECOA stipulate that creditors cannot:

   (1) Deny credit on the basis of sex, marital status, race, color, religion, national origin, or age;
   (2) Deny credit because an applicant receives any income from a public program;
   (3) Ask questions concerning birth control practices, plans for children, or assume that a female applicant is likely to become pregnant and have an interruption of income;
   (4) Ask about an applicant's marital status, unless a spouse will be contractually liable for the loan.

2. The six C's of credit analysis are:

   (1) Character - is considered the most important factor in approving credit. It reflects one's moral obligation to pay debts. Character is determined by the applicant's credit reputation, payment habits, and job stability.
   (2) Capacity - is determined by evidence of potential to pay based on current income.
   (3) Capital - is determined by evidence of property and other assets that total more than debts. Capital is especially important when people lose jobs or when businesses suffer losses.
   (4) Conditions - are any other factors to be considered that might affect a person's ability to meet financial obligations.
   (5) Collateral - is the availability of assets to offer as security for a loan.
   (6) Common sense - is the determination, based on answers given regarding the ability to handle credit.

COMPETENCY MATRIX OF TEST BANK QUESTIONS

SECTION II

SECTION II		QUESTION TYPES				
Unit	**Comp.**	**T/F**	**MC**	**Match**	**Fill-in**	**Essay**
1	1		1-16	1-10	3-12,14	
	2	14,15	27,28		1,13,15-18	
	3	1,2,3	17-26			
	4	6,7,9,13	29		20	
	5	8,10-12	30		2	2
	6	4	31		19	
	7	16-25				1
2	1	1	1-12	1-10	6-14	
	2	9,21			5	
	3	2,11-20,25	24			
	4	3,7,8	13-22		1-3,6-12	2
	5	10	25		15	
	6	4-6,22-25	23		4	1

TRUE AND FALSE

1. Real estate appraisal is an estimate of the market value of a piece of real estate by a competent party.
2. If business increases, loan demand rises with it; therefore, interest rates may be lowered.
3. Loans make up very little of a bank's income.
4. Properties financed by real estate loans may be commercial and industrial real estate.
5. Construction loans provide funds to purchase land.
6. Apartments are multi-unit structures in which individuals directly own units and mutually own the common elements of the complex.
7. On a term loan, interest is based on the term for which you borrow the money.
8. Bank cards are not substitutes for installment loans.
9. Interest is based on the length of the time for which you borrow the money with a term loan.
10. An example of open-end credit is an automobile loan.
11. Closed-end credit is a fixed-term arrangement in which loan amount and length of repayment are determined before actual use.
12. Agricultural loans provide interim financing to ranchers for operating expenses until their stock is sold.
13. The bank cannot require a business to pledge its accounts receivable or merchandise inventory for a commercial and industrial loan.
14. Interest rate caps protect the borrower.
15. Mortgage insurance insures lender against default or nonpayment of loan by borrower.
16. When three or more residential units are attached to one another, and individuals own their home and the land, it is called a townhouse.
17. When banks extend credit to individuals and businesses, there is very little risk involved.
18. Interest for residential mortgages is fixed only: they are never adjustable rates.

19. Two most commonly used bank credit card systems are Master Card and Visa.

20. A single loan for $50 million may be legally too large for one bank to assume.

21. The basis for residential mortgage lending is the borrower and his ability to repay loan.

22. A characteristic of a commercial and industrial loan is a $100,000 a year open line of credit.

23. An example of a commercial loan is a credit card.

24. Collateral used for consumer loans could be a car or a boat.

25. A commercial and industrial loan can be on a demand basis: the bank can call for repayment at any time.

MULTIPLE CHOICE

1. A business contract between a borrower and a lender covering a extension of credit.

A. Late charge
B. Collateral
C. Loan
D. Portfolio

2. To reduce the principal of a loan by regular payments.

A. Verify
B. Amortize
C. Appraise
D. Default

3. An unconditional written promise to pay a certain sum of money at a particular time.

A. Mortgage
B. Loan closing
C. Amortize
D. Promissory note

4. One to whom the note is payable.

A. Payee
B. Maker
C. Creditor
D. Payer

5. Money paid for the use of borrowed money.

A. Mortgage
B. Collateral
C. Interest
D. Promissory note

6. Failure to do what is required by law or by terms of contract.

A. Default
B. Appraise
C. Amortize
D. Verify

7. Penalty imposed by lender, as specified in debt instrument, for delinquent repayment.

A. Default
B. Principal
C. Mortgage
D. Late charge

8. Sum of loan, as distinguished from interest or other charges.

A. Interest
B. Loan
C. Principal
D. Portfolio

9. Legal document by which real property is pledged as security for repayment of a loan: pledge ends when debt is discharged.

A. Collateral
B. Default
C. Mortgage
D. Portfolio

10. Estimate of market value of a particular piece of property.

A. Interest
B. Default
C. Appraisal
D. Loan

11. The business or person who promises to pay the amount of the note.

A. Debtor
B. Maker
C. Payee
D. Payer

12. Process that brings a loan into legal existence.

A. Principal
B. Promissory Note
C. Mortgage
D. Loan closing

13. Anything you own of value against which you can borrow money.

A. Maturity date
B. Collateral
C. Interest
D. Portfolio

14. A term used to describe all the loans held by an institution.

A. Interest
B. Portfolio
C. Default
D. Principal

15. The date on which a loan must be paid.

A. Loan
B. Maturity date
C. Default
D. Portfolio

16. Interest rate that is fixed for the life of the life loan is a(n) ______.

A. Alternative mortgage instrument
B. Conventional loan
C. Adjustable rate mortgage
D. Commercial and industrial loan

17. Short-term capital loan, repaid within one year and often within 30, 60, or 90 days is a ________.

A. FHA loan
B. Consumer loan
C. Residential mortgage loan
D. Commercial and industrial loan

18. Insured loans made to finance low- to moderate-income housing.

A. FHA loans
B. Commercial mortgage loans
C. Conventional loans
D. Other government assisted loans

19. Secured by real estate that is used for business purposes or to generate income.

A. Commercial mortgage loans
B. Construction loans
C. Residential mortgage loans
D. VA loans

20. Insures home loans in rural areas and developing nations.

A. VA loans
B. Adjustable rate mortgage loans
C. Conventional loans
D. Other government assisted

21. Mortgages based on the value of finished property as projected by the builder and architect.

A. Commercial and industrial loan
B. Conventional loan
C. Construction loan
D. Alternative mortgage instrument

22. Veterans Administration guarantees a certain percent of the mortgage loan up to a specified dollar limit.

A. FHA loan
B. Residential mortgage loan
C. VA loan
D. Other government assisted loan

23. Terms and conditions of contract must be agreed upon mutually between lender and borrower.

A. Commercial and industrial loan
B. Residential mortgage loan
C. Other government assisted loan
D. Adjustable rate mortgage loan

24. Interest rate changes during loan term.

A. Adjustable rate mortgage loan
B. Conventional loan
C. Alternative mortgage instrument
D. Commercial mortgage loan

25. Loan based on evaluation by lender of applicant's job, annual income, length of employment, outstanding debts, and general credit history.

A. Commercial and industrial loan
B. Residential mortgage loan
C. Consumer loan
D. FHA loan

26. All of the following are examples of the functions performed in loan processing EXCEPT:

A. Obtaining credit reports
B. Disbursing funds
C. Sending payment notices
D. Interviewing prospective borrowers

27. All of the following are examples of the functions performed in loan servicing EXCEPT:

A. Seeing that insurance, title, and documentation are kept current
B. Obtaining credit reports
C. Ensuring timely payment of real estate taxes and insurance
D. Preparing statistical information for monitoring risk of loans and for regulatory reports.

28. Which of the following is an example of a function performed in loan organization?

A. Evaluates loan risks
B. Completes loan applications
C. Attempts to acquire new loans through advertising
D. Accepts and posts monthly mortgage loan payments.

29. Bank cards serve as a substitute for:

A. Commercial loans
B. Secured loans
C. Participation loans
D. Installment loans

30. All of the following are types of consumer loans EXCEPT:

A. Secured loans
B. Term loans
C. Open-end loans
D. Installment loans

MATCHING

INSTRUCTIONS: **Place the appropriate letter in the blank provided (words may be used more than once).**

A. Commercial & industrial loans
B. Real estate loans
C. Construction loans
D. Residential loans
E. Consumer loans
F. Installment loans
G. Term loans
H. Bank cards
I. Closed-end credit
J. Participation loans
K. Agriculture loans
L. Balloon payment

____ 1. Properties financed may be multi-family units.

____ 2. Provide interim financing to farmers for operating expenses until their crops are harvested and sold.

____ 3. The borrower makes a specified number of smaller regular reductions in the principal and then a final, large payment.

____ 4. Made by more than one bank to provide needed funds for large loans.

____ 5. Payments are scheduled at periodic intervals until full amount of loan is repaid.

____ 6. Used as a vehicle to transfer funds from the cardholder's bank account to that of the seller.

____ 7. Properties financed may be single-family units.

____ 8. A fixed-term arrangement in which loan amount, length of repayment, payment amount, and purpose are determined before actual use.

____ 9. Provide financing for purchase of consumer goods.

____ 10. Provide funds to construct residences or commercial buildings.

____ 11. Provide capital funds for merchandise, operating expenses, and equipment for businesses.

____ 12. Repayment of loan is made in one lump sum.

____ 13. A credit card loan or signature loan.

____ 14. Loan is repaid from permanent mortgage financing.

____ 15. Loan is based on income producing abilities of the properties.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

__________________ 1. _______ loans provide funds needed for commercial buildings, homes and land.

__________________ 2. The _______ is a government agency that administers various programs for veterans of the armed forces.

__________________ 3. _______ loans provide financing for payment of borrowed funds with collateral being unsecured or secured by consumer goods.

__________________ 4. The _______ is used as a benchmark which a bank establishes to compute an appropriate rate of interest for a particular loan contract.

__________________ 5. An example of a _______ loan is a car loan with set monthly payments over 36 months.

__________________ 6. _______ contain many provisions protecting consumers who buy on credit.

__________________ 7. _______ loans are made by more than one bank to provide needed funds for large loans.

__________________ 8. _______ loans improve housing construction standards.

__________________ 9. _______ loans are direct extensions of credit by one bank to another.

__________________ 10. _______ credit is extended when collateral is pledged for the loan.

__________________ 11. _______ is a type of mortgage loan that helps young home buyers who expect rising incomes.

__________________ 12. _______ credit is extended without collateral.

__________________ 13. _______ is a federal agency within the Department of Housing and Urban Development.

__________________ 14. _______ are steps taken from time loan application is received to time it is closed.

__________________ 15. _______ is the sum of loan, as distinguished from interest or other charges.

__________________ 16. One to whom the note is payable.

____________________ 17. Process that brings a loan into legal existence.

____________________ 18. A term used to describe all the loans held by an institution.

____________________ 19. To reduce the principal of a loan by regular payments.

____________________ 20. An unconditional written promise to pay a certain sum of money at a particular time.

ESSAY

1. List the three (3) parts of the loan department and give three (3) functions of each.

(1)

1)

2)

3)

(2)

1)

2)

3)

(3)

1)

2)

3)

2. List three (3) factors that influence loan interest rates and briefly discuss each.

(1)

(2)

(3)

ANSWERS

True and False

1. T
2. F
3. F
4. T
5. T
6. F
7. T
8. F
9. T
10. F
11. T
12. T
13. F
14. T
15. T
16. T
17. F
18. F
19. T
20. T
21. F
22. T
23. F
24. T
25. T

Multiple Choice

1. C
2. B
3. D
4. A
5. C
6. A
7. D
8. C
9. C
10. C
11. B
12. D
13. B
14. B
15. B
16. B
17. D
18. A
19. A
20. D
21. C
22. C
23. B
24. A
25. C
26. C
27. B
28. C
29. D
30. A

Matching

1. B
2. K
3. L
4. J
5. F
6. H
7. I
8. D
9. E
10. C
11. A
12. G
13. I
14. C
15. A

Fill In The Blank

1. Commercial and industrial
2. VA
3. Construction
4. Prime rate
5. Consumer
6. Conventional loans
7. Participation
8. Government-assisted
9. Interbank
10. Secured
11. Graduated payment
12. Unsecured
13. FHA
14. Loan processing
15. Principal
16. Payee
17. Loan closing
18. Portfolio
19. Amortize
20. Promissory note

Essay

1. The three parts of the loan department are:
   (1) Loan origination;
   (2) Loan processing; and
   (3) Loan servicing.

The loan origination department attempts to acquire new loans through advertising and attempts to acquire new loans by establishing business contacts. The loan processing department interviews prospective borrowers, completes loan applications, obtains credit reports, evaluates loan risks, prepares loan documents, closes loans, and disburses funds. The loan servicing department sends payment notices, accepts and posts monthly mortgage loan payments, keeps records up-to-date on principal and interest balances, and maintains proper balances in escrow accounts for taxes and insurance. Also the loan servicing department notifies borrowers, handles inquiries, and adjust records when loan repayment amounts or terms change. Also ensures timely payment of real estate taxes and insurance; sees that insurance, title, and documentation are kept current; issues reports to participation partners for loans sold; prepares statistical information for monitoring risk of loans and for regulatory reports, contacts delinquent borrowers and takes necessary steps to bring loan repayments back on schedule; and if collection efforts are unsuccessful, proceeds with legal remedy or foreclosure.

2. Interest rates that banks charge reflect the fact that money is essentially nothing more than a supply-and-demand commodity. Interest rates change because of a number of different factors, they are:

   (1) Availability of money; If business increases, loan demand rises with it, therefore, interest rates may rise. Also, when business slackens, there may be a larger supply of funds because of diminished demand for credit, therefore interest rates decline;

   (2) Perceived risks;

   (3) Time frame or term of the note;

   (4) Prime rate; The prime rate is used as a benchmark which a bank establishes to compute an appropriate rate of interest for a particular loan contract. The prime rate is based on numerous factors, including bank's supply of funds, its cost of funds, its administrative cost, and competition from other suppliers of credit. The prime rate fluctuates in relationship to the nation's economic climate;

   (5) Nature of collateral;

   (6) Size of loan;

   (7) Competition; and

   (8) Overall customer relationship.

TRUE AND FALSE

1. For a period of time other than one year, the interest on a loan is **NOT** in proportion to the time for which the money is borrowed.
2. A bank discount is collected by the bank by deducting the discount from the face of the note.
3. In calculating payoff with add-on interest, any part of a month is considered a whole month.
4. The government does not pay interest for savings bonds.
5. The banker's interest method is also known as the ordinary interest or commercial year.
6. When the total amount financed and the finance charge is repaid in equal monthly installments, the actual interest rate is lower.
7. Bonds do not yield interest for money invested.
8. Banks pay interest for money deposited in savings accounts.
9. The banker's interest method is harder to use than a 365-day year.
10. Consumers pay interest for borrowed money.
11. Charging interest is one of the fundamental practices of modern business.
12. When a note is discounted, interest is collected at the time the loan is granted.
13. If the loan is an installment loan, the total amount financed and the finance charge are repaid in equal monthly installments.
14. If you pay off a loan before maturity, the amount of interest owed will **NOT** be reduced.
15. Interest is the price paid to lenders for the use of their money.
16. The number 78 is the total of the digits for each year the loan is due.
17. The amount disbursed on a discounted note is the full amount borrowed.
18. When a note is discounted, the amount dispersed is the face of the note plus the discount.
19. When the time is shown in days, interest is figured by either the exact interest method or the banker's interest method.
20. If the principal of the note is not known, you cannot calculate the interest rate.

MULTIPLE CHOICE

1. Percentage used to calculate interest for the use of the principal for one year.

A. Proceeds
B. Time
C. Rate of interest
D. Discounting a note

2. The amount paid to lenders for the use of borrowed money, expressed as a percentage (part) of the whole sum of the principal for one year.

A. Add-on interest
B. Rate of discount
C. Full disclosure
D. Interest

3. Rate of interest lenders offer to their best commercial (business) customers.

A. Interest
B. Prime rate
C. Principal
D. Discounting a note

4. Face of note less discount.

A. Exact interest
B. Full disclosure
C. Prime rate
D. Proceeds

5. Length of time the borrower will take to repay a loan.

A. Time
B. Noninterest-bearing note
C. Interest
D. Rate of interest

6. Interest added to the principal; equal payments that include principal and interest are made each month.

A. Prime rate
B. Principal
C. Proceeds
D. Add-on interest

7. Percentage used to calculate interest for use of principal for one year.

A. Add-on percentage rate
B. Prime rate
C. Time
D. Rate of interest

8. The amount that is borrowed before interest is added (add-on interest) or subtracted (discount interest).

A. Time
B. Discount interest
C. Full disclosure
D. Principal

9. Percentage charged for discount on a note.

A. Discounting a note
B. Time
C. Rate of discount
D. Proceeds

10. Interest collected in advance.

    A. Bank discount
    B. Discounting a note
    C. Discount interest
    D. Add-on interest

11. A note without interest.

    A. Proceeds
    B. Full disclosure
    C. Discounting a note
    D. Noninterest-bearing note

12. Interest that is subtracted from the principal upon initiation of a loan and the borrower receives the difference.

    A. Add-on interest
    B. Discount interest
    C. Rate of interest
    D. Bank discount

13. The lender reveals to borrower every possible charge or cost involved in making a loan.

    A. Discounting a note
    B. Full disclosure
    C. Annual percentage rate
    D. Prime rate

14. Signing a note and paying discount immediately.

    A. Discounting a note
    B. Time
    C. Discount interest
    D. Bank discount

15. Uses a 365-day year.

    A. Ordinary interest
    B. Annual percentage rate
    C. Exact interest
    D. Prime rate

16. Uses a 360-day year.

    A. Exact interest
    B. Rate of discount
    C. Bank discount
    D. Ordinary interest

17. A person borrowed $1,000 for one year and will pay interest at the rate of 10 percent a year. Solve for simple interest.

    A. $10
    B. $100
    C. $50
    D. $150

18. A person borrowed $1,000 and will pay interest at the rate of 10 percent a year. The total interest to be repaid at the end of 6 months is _______.

    A. $10
    B. $100
    C. $50
    D. $150

19. Using the example in #18 above, total to be repaid at the end of 18 months is ______.

A.	$10	C.	$50
B.	$100	D.	$150

20. Exact interest on $1,000 at 10 percent for 80 days would be ______.

A.	$21.92	C.	$25.75
B.	$22.00	D.	$26.00

21. Banker's interest on $1,000 at 10 percent for 80 days would be ______.

A.	$21.92	C.	$25.75
B.	$22.00	D.	$26.00

22. The rate of interest is 10 percent, the loan was repaid in 9 months and the amount of interest paid was $75. What was the principal?

A.	$1,000	C.	$750
B.	$1,500	D.	$7500

23. The interest paid is $135, the principal is $1,000 and the loan was repaid in 9 months. What was the rate of interest?

A.	10%	C.	18%
B.	12%	D.	9%

24. The bank discounted your note of $1,000 at 10 percent for 60 days. The bank subtracted the discount from the face of the note. How much did you receive from the bank?

A.	$667.70	C.	$966.70
B.	$1,000	D.	$983.33

25. Using the example in #24, on the date of maturity you repaid how much to the bank?

A.	$667.70	C.	$966.70
B.	$1,000	D.	$983.33

26. If a loan was made for $1,500 at 10 percent for one year and the borrower decided to pay off the loan at the end of 9 months, the payoff would be ______.

A.	$1,125.00	C.	$1,500.00
B.	$1,612.50	D.	$1,750.75

27. You borrow $500 and want to repay it in nine monthly installments. The bank loans you the money at 10 percent. How much are your monthly payments?

A.	$59.72	C.	$65.50
B.	$63.70	D.	$55.90

28. Using the example in #27, the total amount you will repay at the end of the ninth month is ______.

A. $637.00
B. $573.30
C. $655.00
D. $537.50

29. Using the Rule of 78, if you paid off your loan during the third month, you would pay ______ of the total interest.

A. 6/78
B. 33/78
C. 23/78
D. 42/78

30. Using the same rule, you paid your loan off during the fourth month. You would pay ______ of the total interest.

A. 6/78
B. 33/78
C. 23/78
D. 42/78

31. Using the same rule, you paid your loan off during the second month. You would pay ______ of the total interest.

A. 6/78
B. 33/78
C. 23/78
D. 42/78

32. You want to borrow $1800 for two years at an interest rate of 14 percent. The bank discounts the note. How much will you receive?

A. $1800
B. $2304
C. $504
D. $1296

33. If the bank discounts a $2500 note at 12 percent for three years, how much will you pay back?

A. $1600
B. $2500
C. $3100
D. $900

34. The rate of interest is 9 percent and the loan was repaid in 6 months. Your interest paid was $225. What was the principal?

A. $600
B. $5000
C. $3000
D. $4000

35. The interest paid is $33.75, the principal is $900, and the loan was repaid in 90 days. What was the rate of interest?

A. 9%
B. 11%
C. 13%
D. 15%

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. $I = P \times R \times T$

B. $I = \$500 \times 12\% \times 1$

C. $I = P \times R + 1/4$

D. $I = \$500 \times 12\% \times 4/12$

E. $I = \$1{,}000 \times .08 \times 73/365$

F. $I = 1{,}000 \times .08 \times 73/360$

G. $P = I/R \times T$

H. $26 = P \times .18 \times 18/12$

I. $18 = 300 \times R \times 240/360$

J. $I = \$500 \times .12 \times 6/12 = \$30$

____ 1. A person borrowed $500 and will pay interest at the rate of 12 percent a year. The loan will be paid back in four months.

____ 2. Formula used to determine principal, rate, or time when one of these factors is unknown.

____ 3. The rate of interest is 18 percent, the loan was repaid in 18 months, and the amount of interest paid was $26. Solve for the principal.

____ 4. Formula for computing simple interest.

____ 5. Exact interest on $1,000 at 8% for 73 days would be ______.

____ 6. If a loan was made for $500 at 12% interest for one year, and the borrower decided that at the end of six months to pay off the loan, the payoff would be ______.

____ 7. A person borrowed $500 for one year and will pay interest at the rate of 12 percent a year.

____ 8. Banker's interest on $1,000 at 8% for 73 days would be ______.

____ 9. The interest paid is $18, the principal is $300, and the loan was repaid in 240 days. Solve for the rate of interest.

____ 10. Example for computing three months interest.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

____________________ 1. ______ is the price paid the lenders for the use of their money.

____________________ 2. The ______ interest method has 12 months of 30 days each.

____________________ 3. ______ interest is interest paid only on the principal.

____________________ 4. I = ______ x R x T

____________________ 5. ______ rate is the percent of discount charged by the bank.

____________________ 6. ______ is a method of computing the amount of interest the consumer will save by paying a debt early.

____________________ 7. Principal (P) = ______ / R x T

____________________ 8. 1 1/2 years = ______ months.

____________________ 9. The ______ rate of interest is the rate lenders offer to their best customers.

____________________ 10. ______ interest uses a 365-day year.

____________________ 11. ______ is the amount that is borrowed before interest.

____________________ 12. ______ is when the lender reveals to borrower every possible charge involved in making the loan.

____________________ 13. ______ interest uses a 360-day year.

____________________ 14. Face of the note less the discount is called the ______.

____________________ 15. ______ is interest that is subtracted from principal upon initiation of loan and borrower receives the difference.

ESSAY

1. Discuss the purpose of interest and give three examples of interest.

2. Name the two types of methods for computing daily interest and discuss each.

(1)

(2)

ANSWERS

True and False

1. F
2. T
3. T
4. F
5. T
6. F
7. F
8. T
9. F
10. T
11. T
12. T
13. T
14. F
15. T
16. F
17. F
18. T
19. T
20. F

Multiple Choice

1. C
2. D
3. B
4. D
5. A
6. D
7. D
8. D
9. C
10. A
11. D
12. B
13. B
14. A
15. C
16. D
17. B
18. C
19. D
20. A
21. B
22. A
23. C
24. D
25. B
26. B
27. A
28. D
29. B
30. D
31. C
32. D
33. B
34. B
35. D

Matching

1. D
2. G
3. H
4. A
5. E
6. J
7. B
8. F
9. I
10. C

Fill in the Blank

1. Interest
2. Bankers
3. Simple
4. P
5. Discount
6. Rule of 78
7. I
8. 18
9. Prime
10. Exact or accurate
11. Principal
12. Full disclosure
13. Ordinary or bankers
14. Proceeds
15. Discount interest

Essay

1. Interest is the price paid to lenders for the use of their money. It is one of the fundamental practices of modern business, and is based on the principle that a person who lends money is entitled to some return for it. Examples of interest are:

    (1) Banks pay interest for money deposited in savings accounts;

    (2) Government pays interest for savings bonds;

    (3) Bonds yield interest for money invested; and

    (4) Consumers pay interest for borrowed money.

2. The two types of methods for computing daily interest rate are:

    (1) The exact method--The exact interest method uses 365 days in a year and the banker's method uses 360 days in a year.

    (2) The banker's interest method--The banker's interest method has 12 months of 30 days each and is easier to use than a 365-day year.

COMPETENCY MATRIX OF TEST BANK QUESTIONS

SECTION III

SECTION III		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
1	1	1,6,7,9,15,16	1-15,20,21-25	1-15	2,4,13, 15-20	
	2	3,8,10-13,19, 20	30		1,3,5-9	
	3	5,22-25	16-18,29		10,12	
	4	4,18,21	19		11	
	5		28		14	1
	6		26,27			
	7	2,14,17				2
	8					3
2	1	2,3-5,7,9,12-14 16-20	1-16		1-7,9-15	
	2	1,8,10,11,15				1
	3		17-23,34,35	1-5,7-10	8	
	4		24,25,32,33			2
	5	3	27,29-31			2
	6		26,28	6		

TRUE AND FALSE

1. The basic objective of banks is to render services while generating profits.

2. The deposit, payment, and credit functions have little connection with the basic objective of banks to render services while generating profits.

3. The checking account is the most common type of demand deposit.

4. If a person has a checking account with an available balance of $100, he/she can issue a check for that amount, present it to a teller, and immediately receive $100 in cash.

5. The bank is not responsible for safeguarding the funds from the time a deposit is made until checks are issued against it.

6. When opening a savings account, the customer establishes a specific maturity date when it will be closed.

7. Certificates of deposit (CDs) and special club accounts (Christmas or vacation) are examples of time deposits.

8. Over 90 percent of all payments in America today are made by check.

9. Payments are made by check for convenience and safety.

10. There is no service which allows the depositors to authorize their bank to make automatic charges to their accounts for insurance premiums, mortgage and installment loan payments, and other fixed charges.

11. Truncation involves the electronic transmittal of the information contained in a check so that the item itself does not have to be sent physically from one bank to another.

12. Extension of credit adds little to the bank income.

13. By using remote banking facilities, customers can transact their basic financial business at the location and the time that best suits their needs.

14. Credit cards allow users the convenience of borrowing funds to purchase merchandise or services within certain dollar limitations at retail outlets that accept the card.

15. Debit cards can be used at a POS terminal to purchase merchandise or services; the customers account is credited and the merchant's account is debited.

16. A money order directs the issuer to pay a sum of money designated on its face to a party named by the purchaser.

17. A traveler's check is an order, over the signature of the issuing company, to pay on demand the amount shown by the denomination of the check.

18. Traveler's checks may be cashed only in designated places.

19. The opportunity to purchase money orders and traveler's checks at the purchaser's own institution saves time and effort, another convenience.

20. A safe deposit box in a bank offers a place of security for the customer's personal valuables.

21. The party renting a safe deposit box does not have the right to expect that the identical property placed in the box will be protected and can be retrieved when necessary.

22. The Federal Deposit Insurance Corporation and the Federal Reserve Board are two main sources of government regulation of commercial banking.

23. The Federal Home Loan Bank System provides a regulatory framework for savings associations and mutual savings banks.

24. The banking system provides a mechanism for converting a check into money.

25. The success or failure of a commercial bank does not result directly from its ability to provide those services that its market segments require.

26. Unless prior arrangements (e.g., overdraft privileges) have been made with the bank, the issuing of a check by someone who knows that there are insufficient funds to cover it is an act of fraud.

27. Customers use plastic cards in automated teller machines to obtain cash without issuing checks.

28. The contents of a customer's safe deposit box are insured by FDIC.

29. From the time a deposit is made until the checks are issued against it, the bank is responsible for safeguarding the funds.

30. When a check is used to make a payment, the recipient must physically take it to the bank on which it is drawn and ask for legal tender in exchange.

MULTIPLE CHOICE

1. One of three major factors determining which services a bank provides for customers is:

A. Deposit function
B. Credit function
C Business philosophy of the institution
D. Payments function

2. One of three major factors determining which services a bank provides for customers is:

A. Competition
B. Checking account
C. Interest
D. Products

3. One of three major factors determining which services a bank provides for customers is:

A. Customer service
B. Benefits of service to the institution and its customers
C. Credit
D. City population

4. One of three basic services essential for banking is:

A. Deposit function
B. Savings insurance
C. Customer service
D. Payroll deposit

5. One of three basic services essential for banking is:

A. Loan department
B. Payments function
C. Safe deposit boxes
D. Time deposit

6. One of three basic services essential for banking is:

A. Credit function
B. Checking accounts
C. Savings Accounts
D. Money market deposit account

7. A component of the deposit function and the most common type of demand deposit is a:

A. Savings account
B. Checking account
C. Time deposit
D. Payroll deduction

8. A component of the deposit function and one in which deposits are made because the funds will not be needed for a period of time are being set aside for future goals or emergencies is a:

A. Savings account
B. Checking account
C. Time deposit
D. Super NOW account

9. A component of the deposit function on which the bank imposes penalties for early withdrawal is the:

A. Checking account
B. Time deposit
C. Savings account
D. Direct deposit

10. A feature common to all of the six components of the deposit function is that:

A. Deposits earn interest
B. Funds deposited are insured up to $100,000 for each account ownership category
C. Deposits do not earn interest
D. The bank imposes penalties for early withdrawal

11. A characteristic of the savings account is that:

A. A customer does not establish a specific maturity date when it will be closed
B. It has a stated maturity
C. Deposits do not earn interest
D. It is not available to corporations

12. A characteristic of the Negotiable Order of Withdrawal account (NOW) is:

A. It has a stated maturity
B. Deposits do not earn interest
C. Interest-bearing with the privilege of issuing checks against the balance
D. The bank imposes penalties for early withdrawal

13. A characteristic of the Money Market deposit account is:

A. No minimum maturity is required, but the depository institutions reserve the right to require at least seven days' notice prior to withdrawal.
B. Deposits do not earn interest
C. Customer does not establish a specific maturity date when it will be closed
D. Account to be used for investments

14. A characteristic of the Super NOW account is that:

A. The bank imposes penalties for early withdrawal
B. It is not available to corporations
C. It has a stated maturity
D. It requires a minimum balance of $5,000

15. Payments are made by check:

A. To provide a permanent record
B. For convenience and safety
C. To delay collection of cash
D. To save the bank time in counting the cash

16. Over 90 percent of all payments in America today are made by:

A. Money order
B. Cash
C. Check
D. Credit card

17. The electronic transmittal of the information contained in a check so that the item itself does not have to be sent physically from one bank to another is called:

A. Truncation
B. Depositing
C. Crediting
D. Automatic transfer

18. The largest single source of bank income is:

A. Checks
B. The extension of credit
C. Savings
D. Customer service

19. The credit function adds the proceeds of a loan to customers' accounts, giving the customer spendable funds that, in effect, did not exist before, thereby affecting the nation's:

A. Population
B. Money supply
C. Employment
D. Banks

20. Banks extend credit under virtually every conceivable set of conditions to meet the needs of:

A. The unemployed
B. Business, the consumer, and the government
C. The blue collar worker
D. Investors

21. The _____ adds the proceeds of a loan to customer's accounts, giving the customer spendable funds.

A. Credit function
B. Payment function
C. Deposit function
D. Checking accounts

22. The obvious appeal of remote service facilities is:

A. It takes loan payments
B. It gives account balance
C. It is convenient
D. It makes change

23. Credit cards are plastic cards that can be used by the cardholder to:

A. Pay the rent
B. Make purchases or obtain cash advances
C. To cash checks
D. Rent cars

24. The financial institution issuing a credit card makes available to the cardholder:

A. A line of credit
B. Easy payments
C. No limit of purchases
D. Money in the bank

25. Debit cards are plastic cards that give customers:

A. A line of credit
B. Easy payments
C. Access to available funds on deposit in their account
D. A savings account

26. When a debit card is used, because the funds are the customers' and not a loan:

A. No interest is charged
B. A high interest rate is charged
C. A low interest rate is charged
D. The interest rate varies

27. A _____ directs the issuer to pay a sum of money designated on its face to a party named by the purchaser.

A. Traveler's check
B. Check
C. Money order
D. Cashier's check

28. A _____ is an order, over the signature of the issuing company, to pay on demand the amount shown by the denomination of the check.

A. Traveler's check
B. Check
C. Money order
D. Cashier's check

29. Traveler's checks may be cashed almost anywhere in the world and are:

A. Not replaceable
B. Not available to minors
C. Only for business use
D. Insured against loss, theft, and destruction

30. An arrangement whereby an employee authorizes his/her employer to deduct specified wages or salary each pay period and to forward the amount to a financial institution for deposit in the employee's designated account is a:

A. Payroll savings plan
B. Way to buy company stock
C. Lot of trouble for the company
D. Way to impress the boss

31. A _____ in a bank offers a place of security for the customers' personal valuables.

A. Lobby
B. Teller cage
C. Safe deposit box
D. Savings account

32. A service allowing a customer to authorize his or her bank to draw certain checks on a checking account and to pay out such funds for payment of bills such as insurance premiums, utility bills, house payments, etc., is referred to as a:

A. Cashier's check
B. Preauthorized payment system
C. Loan
D. Money order

33. The success or failure of a commercial bank results directly from its ability to provide those _____ that its market segments require.

A. Checking accounts
B. Loans
C. Insured savings accounts
D. Services

34. The Federal Reserve System is composed of:

A. Money
B. Twelve Federal Reserve Banks
C. Regulators
D. Government agencies

35. Each district Federal Reserve Bank serves:

A. Commercial banks within their areas
B. Individuals
C. Government agencies
D. Local banks

36. All banks are subject to chartering requirements, regular examinations, and operating constraints to ensure that each institution is:

A. Supplied with adequate money
B. Operating in both a legal and a sound manner
C. Being fair to customers
D. Honest

37. _____ pays depositors up to $100,000 for each account ownership category if an insured bank fails.

A. The Federal Reserve Bank
B. The government
C. The Federal Deposit Insurance Corporation (FDIC)
D. Board of Directors

38. The _____ provides a regulatory framework for savings associations and mutual savings banks.

A. Federal Home Loan Bank System
B. Federal Deposit Insurance Corporation
C. Government
D. Federal Reserve Bank

39. The _____ pays depositors up to $100,000 for each account ownership category if an insured savings and loan association fails.

A. Federal Deposit Insurance Corporation
B. Government
C. Federal Savings and Loan Insurance Corporation (FSLIC)
D. Federal Reserve Bank

40. The bulk of a bank's daily deposit activity involves _____ rather than currency and coin.

A. Checks
B. Money orders
C. Traveler's checks
D. Letters of credit

41. Factors determining which services a bank provides for customers are:

    A. Bank location and population
    B. Business philosophy of the institution, benefits of service to the institution and its customers, and competition
    C. Customer requests and complaints
    D. The banks financial condition and number of employees

42. Additional customer services provide benefits that meet the customer's:

    A. Need for a loan
    B. Financial needs and convenience needs
    C. Need for assistance
    D. Need for employment

43. Deposits are made in a _____ because the customer intends to withdraw the funds in the very near future to meet current expenses.

    A. Savings account
    B. Checking account
    C. Bank
    D. Savings and loan

44. The _____ is the most common type of demand deposit.

    A. Checking account
    B. Savings account
    C. Money order
    D. Payroll savings

45. Deposits are made to a _____ because the funds will not be needed for a period of time or are being set aside for future goals or emergencies.

    A. Checking account
    B. Savings account
    C. Loan
    D. Bank

46. In meeting the needs of every category of customer, today's banks offer many specialized services that go beyond the basic and traditional functions which might include:

    A. An answering machine
    B. Feeding your pets while you are on vacation
    C. Providing wake-up calls
    D. Financial management counseling

47. The _____ is responsible for regulating the flow of money and credit in order to promote economic growth and stability, and was established in 1913.

    A. Federal Reserve System
    B. Loan company
    C. Local bank
    D. Stock market

48. The basic objective of banks is to render services while generating:

    A. Money
    B. Public relations
    C. A pleasant place to work
    D. Profits

49. _____ make it possible for the basic objective of banks to be achieved.

A. Public relations
B. The deposit, payment, and credit functions
C. Friendly employees
D. Service charges

50. Each check is a letter of instruction, directing that a specific payment be made. If those instructions are not complied with in every detail, the _____, not the customer, is liable.

A. Bank
B. Cashier
C. Teller
D. Legal department

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Credit cards
B. Charter
C. Automated teller machines (ATMs)
D. Reserves
E. Negotiable order of withdrawal accounts (NOW)
F. Automated transfer service (ATS)
G. Federal Savings and Loan Insurance Corporation (FSLIC)
H. Federal Home Loan Bank System
I. Bank examination
J. EFTS
K. Branch bank
L. Truncation
M. Dual control
N. Federal Reserve System
O. Federal Deposit Insurance Corporation (FDIC)
P. Savings account
Q. Insured bank
R. Preauthorized payment system
S. Time deposit
T. Checking account

______ 1. Electronic facilities, located inside or apart from a financial institution, for handling many transactions automatically.

______ 2. A service by which a bank moves funds from one type of account to another for its customer on a preauthorized basis.

______ 3. Detailed scrutiny of a bank's assets, liabilities, income, and expenses by authorized examiners representing a federal or state agency.

______ 4. A bank that maintains a head office and one or more branch locations.

______ 5. A document issued by a state or federal supervisory agency authorizing a bank to conduct its business.

______ 6. A bank procedure requiring that two members of the staff be involved.

______ 7. The common acronym for electronic fund transfer systems.

______ 8. An agency of the federal government to provide insurance protection, up to a stated limit, on depositors' accounts.

______ 9. The counterpart agency of FDIC, created by the federal government to provide deposit insurance for customers of savings and loan associations.

______ 10. A bank that is a member of FDIC.

______ 11. Portions of a bank's funds set aside to meet legal requirements or for known or potential expenses or losses.

______ 12. Deposits are made because the customer intends to withdraw the funds in the very near future to meet current expenses.

______ 13. Deposits are made because the funds will not be needed for a period of time and are being set aside for future goals or emergencies.

______ 14. Have a stated maturity--7 days or more from the date of deposit.

______ 15. Interest-bearing account with the privilege of issuing checks against the balance.

______ 16. The electronic transmittal of the information contained in a check so that the item itself does not have to be sent physically from one bank to another.

______ 17. Plastic cards that can be used by the cardholder to make purchases or obtain cash advances utilizing a line of credit made available to the cardholder by the card-issuing financial institution.

______ 18. Customer authorizes his or her bank to draw certain checks on a checking account and to pay out such funds for payment of bills such as insurance premiums, utility bills, house payments, etc.

______ 19. Composed of twelve Federal Reserve Banks.

______ 20. Consists of 12 district banks, member associations, and the Federal Home Loan Bank Board.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

____________________ 1. Only _____ can belong to the Federal Reserve System.

____________________ 2. The success or failure of a commercial bank results directly from its ability to provide those services that its _____ segments require.

____________________ 3. The Federal Deposit Insurance Corporation insures accounts at both _____ and _____.

____________________ 4. The Federal Savings and Loan Insurance Corporation insures accounts only at _____.

____________________ 5. Each Federal Reserve Bank serves as a clearing house for all member banks within its _____.

____________________ 6. All banks are subject to chartering requirements, regular examinations, and operating constraints to ensure that each institution is operating in both a _____ and a _____ manner.

____________________ 7. The FDIC, a separate government agency, and the Federal Reserve Board are two main sources of _____ regulation of commercial banking.

____________________ 8. The FDIC pays depositors up to _____ for each account ownership category if an insured bank fails.

____________________ 9. Limits for Individual Retirement Accounts and Keogh plans are covered separately from an individual's other account _____.

____________________ 10. New banking laws, deregulation of banking, and computer technology have created competition and a variety of new banking _____.

____________________ 11. _____ is the obvious appeal of all types of remote facilities for transacting their basic financial business.

____________________ 12. _____ give the customers immediate access to the available funds already on deposit in their accounts, rather than to a line of credit.

____________________ 13. A _____ in a bank offers a place of security for the customers' personal valuables.

____________________ 14. Extension of credit provides, by far, the largest single source of _____ income.

____________________ 15. The bulk of a bank's daily deposit activity involves _____ rather than currency and coin.

____________________ 16. If the instructions of a check are not complied with in every detail, the bank, not the customer, is _____.

____________________ 17. By helping customers, the institution also is increasing customer service and adding to its operating efficiency and _____.

____________________ 18. The deposit, payment, and credit functions make it possible for the basic objective of generating _____ to be achieved.

____________________ 19. Payments are made by check for convenience and _____.

____________________ 20. The banking system provides a mechanism for converting a check into _____.

____________________ 21. Unless prior arrangements (e.g., overdraft privileges) have been made with the bank, the issuing of a check by someone who knows that there are insufficient funds to cover it is _____.

ESSAY

1. Explain why a bank provides many services for customers.

2. Discuss how the bank decides what services will be provided for customers.

ANSWERS

True and False

1. T
2. F
3. T
4. T
5. F
6. F
7. T
8. T
9. T
10. F
11. T
12. F
13. T
14. T
15. T
16. T
17. T
18. F
19. T
20. T
21. F
22. T
23. T
24. T
25. F
26. T
27. T
28. F
29. T
30. F

Multiple Choice

1. C
2. A
3. B
4. A
5. B
6. A
7. B
8. A
9. B
10. B
11. A
12. C
13. A
14. B
15. B
16. C
17. A
18. B
19. B
20. B
21. A
22. C
23. B
24. A
25. C
26. A
27. C
28. A
29. D
30. A
31. C
32. B
33. B
34. D
35. A
36. B
37. C
38. A
39. A
40. A
41. B
42. B
43. B
44. A
45. B
46. D
47. A
48. D
49. B
50. A

Matching

1. C
2. F
3. I
4. K
5. B
6. M
7. J
8. O
9. G
10. Q
11. D
12. T
13. P
14. S
15. E
16. L
17. A
18. R
19. N
20. H

Fill in the Blank

1. Commercial banks
2. Market
3. Commercial banks and mutual savings banks
4. Savings associations
5. District
6. Legal and sound
7. Government
8. $100,000
9. Insurance
10. Services
11. Convenience
12. Debit cards
13. Safe deposit box
14. Bank
15. Checks
16. Liable
17. Profitability
18. Profits
19. Safety
20. Money
21. Fraud

Essay

1. A bank provides many services for customers because:

   (1) The basic objective of banks is to render services while generating profits.
   (2) New banking laws, deregulation of banking, and computer technology have created competition and a variety of new banking services.
   (3) There is a continual need to identify services that customers want or need, explore alternate ways to meet customer wants and needs, carefully price these services, and provide the excellent service that keeps customers coming back to the institution rather than going to a competitor.
   (4) Additional services provide benefits that meet the customer's financial needs and convenience needs.

2. How the bank decides what services will be provided for customers:

(1) Business philosophy of the institution
    (a) Provides the foundation for selecting services to provide.
(2) Benefits of service to institution and its customers:
    (a) There is a continual effort to research and identify services that customers want or need.
    (b) The service is offered only if it benefits both the institution and its customers
(3) Competition
    (a) The success or failure of a commercial bank results directly from its ability to provide those services that its market segments require.

TRUE AND FALSE

1. The primary functions of savings associations are to provide a safe depository for savings, finance real estate loans, and provide additional services that extend and promote the primary objectives.
2. Savings associations must be chartered both by the state and the federal government.
3. The purpose of the chartering process is to make sure that the interest on loans is controlled.
4. The purpose of the chartering process is to make sure that the new corporation is organized in a sound manner.
5. State institutions are chartered under state statutes and, unless they are members of the FHLB System, are supervised and examined by their respective state authorities.
6. Federal institutions are chartered under federal law and are supervised by the state government.
7. Savings and loan institutions must abide by federal income tax rules and anti-trust laws.
8. Federal laws govern the foreclosure process and set the age at which persons qualify as legally competent to enter formal contractual agreements.
9. State laws restrict an institution's hours and business location.
10. The chartering agency is only one part of the dual regulatory system.
11. All federally-chartered savings institutions must belong to the Federal Home Loan Bank System.
12. State chartered associations are not permitted to apply for membership in the Federal Home Loan Bank System.
13. As members of the FHLB System, institutions receive the right to borrow funds from their bank.
14. Savings institutions are required to keep a certain percentage of their funds in readily available form in order to meet expenses and requests for withdrawals.
15. Federal institutions are not required to belong to the Federal Savings and Loan Insurance Corporation (FSLIC).
16. Federal Home Loan Bank System examiners, on behalf of FSLIC, visit insured institutions to audit the books and records to assure compliance with regulations and sound operating procedures.
17. State institutions may be required (in some states) to belong to the FSLIC.

18. State regulations do not compare to the federal agencies.

19. Mutual institutions are savings institutions that are owned by their savers and borrowers.

20. Capital stock institutions are savings institutions that raise money (capital) to operate as a business through the sale of bonds.

21. Investors can sell their stock at any time on the open market.

22. A federally-chartered savings association that wants to convert from mutual ownership to stock ownership must receive approval from the state savings association.

23. Loan interest is the major source of funds for savings institution lending.

24. Savings deposits are the major source of funds for savings institution lending.

25. Loan interest produces the income institutions need to operate.

MULTIPLE CHOICE

1. One of the primary functions of savings associations is to:

   A. Make a profit
   B. Compete with other financial institutions
   C. Invest savings in the stock market
   D. Provide a safe depository for savings, finance real estate loans, and provide additional services that extend and promote the primary objectives

2. Savings associations are corporations empowered to do business as thrift and financing institutions by a charter issued by a:

   A. City council
   B. State or federal government agency
   C. Federal judge
   D. County tax office

3. All federally-chartered savings institutions must belong to the:

   A. Federal Home Loan Bank System
   B. Chamber of Commerce
   C. Board of Realtors
   D. Credit Bureau

4. Savings institutions are required to keep a certain percentage of their funds in readily available form in order to:

   A. Make loans
   B. Meet expenses and requests for withdrawals
   C. Finance large commercial buildings
   D. Operate the remote facilities

5. Federal Home Loan Bank System examiners, on behalf of FSLIC, visit insured institutions to audit the books and records to assure that:

   A. All of the employees are honest
   B. The safe deposit boxes are secure
   C. The institution is in compliance with regulations and has sound operating procedures
   D. Loans are not being made to customers who cannot repay the loan

6. Federal institutions must belong to the Federal Savings and Loan Insurance Corporation (FSLIC), that sets standards for its members to help protect the funds of:

   A. Depositors
   B. Owners
   C. Government
   D. Insurance companies

7. Mutual savings institutions are owned by:

A. FDIC
B. FSLIC
C. Savers and borrowers
D. Stockholders

8. Members of mutual institutions have certain rights and privileges, including:

A. The right to vote, approve policy changes, and nominate and elect directors
B. Getting low interest loans
C. No service charge on returned checks
D. Free safe deposit boxes

9. As members of the FHLB System, institutions are required to buy a specified amount of _____ in the district bank to which they belong.

A. Furniture
B. Loans
C. Stock
D. Computers

10. Capital stock institutions raise money (capital) to operate as a business through the sale of:

A. Bonds
B. Loans
C. Repossessed houses
D. Stock

11. Each stock certificate represents a share of ownership in the business and confers voting privileges and the opportunity to receive:

A. Low interest on loans
B. Interest free checking
C. Free travel information
D. Dividends

12. Federally-chartered savings association that wants to convert from mutual ownership to stock ownership must receive approval from the:

A. Federal Home Loan Bank Board
B. Federal Reserve Bank
C. FDIC
D. FSLIC

13. _____ are the major source of funds for savings institution lending.

A. Stock sales
B. Savings
C. Interest from loans
D. Service charges

14. Which of the following produce income institutions need to pay their operating expenses?

A. Service charges
B. Stock sales
C. Interest from loans
D. Checking accounts

15. Some institutions have expanded to the point where they have become financial service centers that provide many services as a result of the:

A. Competitive environment
B. Customer demand
C. Requests from stockholders
D. Federal regulations

16. Each savings institution tailors its operating procedures to fit the needs of its own:

A. Tellers
B. Customers
C. Stockholders
D. Employees

17. Loan portfolio composition of the savings and loan must be carefully analyzed and constantly modified to reflect both the regulatory environment and:

A. Market conditions
B. Stock market
C. Interest rates
D. Customer needs

18. The purpose of the chartering process is to make sure that the new corporation is:

A. Prepared to offer home loans
B. Prepared to offer savings accounts
C. Organized in a sound manner
D. Capable of properly protecting safe deposit boxes

19. State-chartered institutions are not permitted to use in their institution name the word:

A. Thrift
B. Finance
C. Loans
D. Federal

20. Local laws might restrict an institution's:

A. Service charges
B. Hours and business location
C. Interest rates
D. Customer services

21. State chartered institutions may be required (in some states) to belong to the:

A. FSLIC
B. FDIC
C. Federal Home Loan Bank Board
D. Chamber of commerce

22. State regulations closely parallel those of the:

A. State real estate board
B. City ordinances
C. Federal agencies
D. County tax department

23. The mutual institutions depend chiefly on _____ if they want to raise capital.

A. Generating income
B. Interest rates
C. Sale of stock
D. Sale of bonds

24. Capital stock institutions' investors can sell their stock _____ on the open market.

A. Only once per year
B. At any time
C. At the monthly stockholders' meeting
D. Every five years

25. _____ governs the foreclosure process and sets the age at which persons qualify as legally competent to enter formal contractual agreements.

A. Federal laws
B. City government
C. County government
D. State laws

26. Savings institutions that raise money (capital) to operate as a business through the sale of stock are:

A. Capital stock institutions
B. Financial intermediaries
C. Mutual institutions
D. Savings associations

27. Savings institutions that are owned by their savers and borrowers are:

A. Capital stock institutions
B. Financial intermediaries
C. Mutual institutions
D. Savings associations

28. State-chartered or federally-chartered financial intermediaries that accept deposits from the public and invests those funds primarily in residential mortgage loans are:

A. Capital stock institutions
B. Financial intermediaries
C. Mutual institutions
D. Savings associations

29. Businesses that accept funds from savers and investors. They then use these funds to make loans and investments in their own name. They are:

A. Capital stock institutions
B. Financial intermediaries
C. Mutual institutions
D. Savings associations

30. The legal authorization for a corporation to do business is called a(n):

A. License
B. Authorization
C. Charter
D. Franchise

MATCHING

INSTRUCTIONS: Place the appropriate letter in the blank provided.

A. Mutual institutions
B. Capital stock institutions
C. Financial intermediary
D. Dual system of chartering and supervising
E. Charter
F. Reserves
G. Primary functions
H. Deregulation
I. Savings and Loan Association
J. Liquidity

______ 1. Savings institutions that raise money (capital) to operate as a business through the sale of stock.

______ 2. The legal authorization for a corporation to do business.

______ 3. The removal or reduction of restrictions and requirements on many savings institutions' activities.

______ 4. A business that accepts funds from savers and investors and uses these funds to make loans and investments in its own name.

______ 5. The term used to describe funds that an institution has available in cash or in forms that are quickly convertible into cash without significant loss.

______ 6. Savings institutions that are owned by their savers and borrowers.

______ 7. Funds earmarked to cover potential losses on loans or other investments.

______ 8. A state-chartered or federally-chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans; also known as savings institution or thrift institution.

______ 9. Savings and Loan Associations provide a safe depository for savings, finance real estate loans, and provide additional services that extend and promote the primary objectives.

______ 10. Savings and Loan Associations are corporations empowered to do business as thrift and financing institutions by a charter issued by a state or federal government agency.

FILL IN THE BLANK

INSTRUCTIONS: Fill in the blank with the appropriate word or words.

____________________ 1. _____ of Savings and Loan associations are to provide a safe depository for savings, finance real estate loans, and provide additional services that extend and promote the primary objectives.

____________________ 2. The _____ of the chartering process is to make sure that the new corporation is organized in a sound manner.

____________________ 3. Savings and Loan associations are corporations empowered to do business as thrift and financing institutions by a charter issued by a _____ government agency.

____________________ 4. State institutions are chartered under state statutes and, unless they are members of the FHLB System, are supervised and examined by their respective _____ authorities.

____________________ 5. Federal institutions are chartered under federal law and are supervised by the _____.

____________________ 6. _____ govern the foreclosure process and set the age at which persons qualify as legally competent to enter formal contractual agreements.

____________________ 7. _____ laws might restrict an institution's hours and business location.

____________________ 8. All federally-chartered savings institutions must belong to the _____.

____________________ 9. As members of the FHLB System, institutions are required to buy a specified amount of _____ in the district bank to which they belong.

____________________ 10. As members of the FHLB System, institutions receive the right to _____ from their bank.

____________________ 11. Savings institutions are required to keep a certain percentage of their _____ in readily available form in order to meet expenses and requests for withdrawals.

____________________ 12. Federal institutions must belong to the _____ that sets standards for its members to help protect the funds of depositors.

____________________ 13. Federal Home Loan Bank System examiners, on behalf of FSLIC, visit insured institutions to audit the books and records to assure _____ with regulations and sound operating procedures.

____________________ 14. State regulations closely parallel those of the _____ agencies.

____________________ 15. Mutual institutions are savings institutions that are owned by their _____.

____________________ 16. The mutual institutions depends chiefly on generating income if they want to _____.

____________________ 17. Capital stock institutions are savings institutions that raise money (capital) to operate as a business through the sale of _____.

____________________ 18. Each _____ represents a share of ownership in the business and confers voting privileges and the opportunity to receive dividends.

____________________ 19. Federally-chartered savings associations that want to convert from mutual ownership to stock ownership must receive approval from the _____.

____________________ 20. _____ are the major source of funds for savings institution lending.

____________________ 21. _____ produces the income institutions need to operate.

____________________ 22. Loan portfolio _____ must be carefully analyzed and constantly modified to reflect both the regulatory environment and market conditions.

____________________ 23. Each savings institution tailors its operating procedures to fit the needs of its own _____.

____________________ 24. There is no such thing as a _____ thrift institution.

____________________ 25. _____ is an important factor when operating procedures are designed.

ESSAY

1. Describe the dual system of chartering and supervising of savings and loan associations.

2. Describe the kinds of ownership of savings and loan associations.

ANSWERS

True and False

1. T
2. F
3. F
4. T
5. T
6. F
7. T
8. F
9. F
10. T
11. T
12. F
13. T
14. T
15. F
16. T
17. T
18. F
19. T
20. F
21. T
22. F
23. F
24. T
25. T

Multiple Choice

1. D
2. B
3. A
4. B
5. C
6. A
7. C
8. A
9. C
10. D
11. D
12. A
13. B
14. C
15. A
16. B
17. A
18. C
19. D
20. B
21. A
22. C
23. A
24. B
25. D
26. A
27. C
28. D
29. B
30. C

Matching

1. B
2. E
3. H
4. C
5. J
6. A
7. F
8. I
9. G
10. D

Fill in the blank

1. Primary functions
2. Purpose
3. State or federal
4. State
5. Federal Home Loan Bank Board (FHLBB)
6. State laws
7. Local
8. Federal Home Loan Bank System
9. Stock
10. Borrow funds
11. Funds
12. Federal Savings and Loan Insurance Corporation (FSLIC)
13. Compliance
14. Federal
15. Savers and borrowers
16. Raise capital
17. Stock
18. Stock certificate
19. Federal Home Loan Bank Board
20. Savings deposits
21. Loan interest
22. Composition
23. Customers
24. Typical
25. Size

Essay

1. The dual system of chartering and supervising:

    (1) Savings associations are corporations empowered to do business as thrift and financing institutions by a charter issued by a state or federal government agency.

    (a) State chartering:
    1) State institutions are chartered under state statutes and, unless they are members of the FHLB System, are supervised and examined by their respective state authorities.
    2) State-chartered institutions are not permitted to use the word "federal" in their name.
    3) State-chartered savings institutions may apply for membership to the Federal Home Loan Bank System.
    4) State institutions may be required (in some states) to belong to the FSLIC.
    5) State regulations closely parallel those of the federal agencies.

    (b) Federal chartering:
    1) Federal institutions are chartered under federal law and are supervised by the Federal Home Loan Bank Board (FHLBB).
    2) Federally-chartered institutions often use the word "federal" in their name.
    3) All federally-chartered institutions must belong to the Federal Home Loan Bank System.
    4) Federal institutions must belong to the Federal Savings and Loan Insurance Corporation (FSLIC) that sets standards for its members to help protect the funds of depositors.
    5) Federally-chartered savings associations that want to convert from mutual ownership to stock ownership must receive approval from the Federal Home Loan Bank Board.

2. The two kinds of ownership of savings and loan associations:

    (a) Mutual institutions
    1) Owned by their savers and borrowers.
    2) The savers and borrowers become members.
    3) As members, they have certain rights and privileges, including the right to vote, approve policy changes, and nominate and elect directors
    4) The institution depends chiefly on generating income if they want to raise capital.

    (b) Capital stock institutions
    1) Each stock certificate represents a share of ownership in the business and confers voting privileges and the opportunity to receive dividends.
    2) Investors can sell their stock at any time on the open market.
    3) The institution can raise capital by selling stock.

TRUE AND FALSE

1. The purpose of a savings and loan association is to serve a cooperative association of individuals having a common bond or identifiable group, such as that of association, employment, or community, and to promote thrift and provide credit to members.

2. Credit unions are cooperative, not-for-profit financial institutions who may only serve its members.

3. Credit unions may be chartered by the state or federal government.

4. Not all credit unions are owned and controlled by their members.

5. Federally chartered credit unions are supervised by the National Credit Union Administration (NCUA).

6. State-chartered credit unions are under state agency supervision.

7. Offering an attractive rate on savings is not considered a benefit of credit unions.

8. A credit union benefit for members is the dividend paying share draft account.

9. The strong appeal of credit unions to the average customer is one of convenience and rate.

10. Credit unions have low operating expenses.

11. Credit unions have a high rate of loan default.

12. Credit unions generally can lend funds to members at a rate of interest lower than the rate other financial intermediaries charge.

13. Member and relatives may retain membership for life by simply maintaining a share savings account regardless of changing jobs, retiring, or moving away.

14. Credit unions promote thrift and provide credit to their members.

15. Credit union membership is open to anyone who opens a share savings account.

MULTIPLE CHOICE

1. To serve a cooperative association of individuals having a common bond or identifiable group, such as that of association, employment, or community, and to promote thrift and provide credit to those who belong is the:

   A. Purpose of banks
   B. Purpose of credit unions
   C. Purpose of savings and loans
   D. Purpose of finance companies

2. The strong appeal of credit unions to the average customer is:

   A. Convenience and rate
   B. Customer service
   C. Remote facilities
   D. Low service charges

3. Credit unions generally can lend funds to members at a rate of interest lower than the rate other financial intermediaries charge because of their:

   A. Membership charges
   B. Policies as a not-for-profit institution
   C. Low operating expenses and low rate of loan default
   D. Interest in public relations

4. Regardless of changing jobs, retiring, or moving away, member and relatives may retain membership for life by:

   A. Maintaining a share savings account
   B. Keeping a checking account
   C. Paying all service charges
   D. Keeping a minimum balance of $25.00 in a checking account

5. Offering an attractive rate on savings, and offering dividend paying share draft accounts is considered as:

   A. Customer service
   B. Benefits of credit unions
   C. Incentives for new members
   D. Meeting competition

6. Credit unions are chartered by the:

   A. State government
   B. Federal government
   C. State or federal government
   D. Federal credit union

7. Federally chartered credit unions are supervised by:

   A. FDIC
   B. NCUA (National Credit Union Administration)
   C. FSLIC
   D. Federal Reserve Bank System

8. Credit unions are owned and controlled by:

   A. Its members
   B. Stockholders
   C. Federal government
   D. State government

9. State-chartered credit unions are under the supervision of:

    A. Its members
    B. Stockholders
    C. Federal agencies
    D. State agencies

10. Federally chartered credit unions accounts are:

    A. Insured up to $100,000
    B. Not insured
    C. Insured up to $20,000
    D. Guaranteed by the employer

MATCHING

INSTRUCTIONS: **Place the appropriate letter in the blank provided.**

A. Convenience and rate
B. Credit unions
C. Share savings account
D. Certificate of deposit (CD)
E. Its members
F. Payroll deduction
G. Transaction accounts
H. Direct deposit
I. Share draft account
J. Credit unions

______ 1. A type of deposit account whose features typically include a fixed minimum term and a minimum initial deposit with interest rates either fixed or variable.

______ 2. Cooperative organizations of individuals having a common bond chartered by a state government or the federal government that accept deposits and extend loans.

______ 3. Process by which a payor delivers data by electronic means directly to the payee's bank for credit to his/her account, either checking or savings account.

______ 4. Those who own and control credit unions.

______ 5. Strong appeal of credit unions to the average customer.

______ 6. Process by which a payor delivers data by electronic means directly to the payee's bank for a portion of pay as designated by employee for credit to his/her account, usually a savings account.

______ 7. Checking accounts which also pay interest, usually having a low minimum balance and service charge.

______ 8. Established with initial deposit and represents member's share in the ownership of the credit union.

______ 9. Accounts that contain funds that are readily available for withdrawal.

______ 10. Cooperative, not-for-profit financial institution who may only serve members.

FILL IN THE BLANK

INSTRUCTIONS: Place the appropriate word or words in the blank provided.

____________________ 1. A type of deposit account whose features typically include a fixed minimum term and a minimum initial deposit with interest rates either fixed or variable is _____.

____________________ 2. _____ are cooperative organizations of individuals having a common bond chartered by a state government or the federal government that accept deposits and extend loans.

____________________ 3. The process by which a payor delivers data by electronic means directly to the payee's bank for credit to his/her account, either checking or savings account is _____.

____________________ 4. _____ is the process by which a payor delivers data by electronic means directly to the payee's bank for a portion of pay as designated by employee for credit to his/her account, usually a savings account.

____________________ 5. Checking accounts which also pay interest, usually having a low minimum balance and service charge are called _____.

____________________ 6. Established with initial deposit and represents member's share in the ownership of the credit union is _____.

____________________ 7. Accounts that contain funds that are readily available for withdrawal are _____.

____________________ 8. Cooperative, not-for-profit financial institutions who may only serve its members, are _____.

____________________ 9. Those who own and control credit unions are _____.

____________________ 10. _____ is a strong appeal of credit unions to the average customer.

____________________ 11. Credit unions are chartered by the _____.

____________________ 12. Federally chartered credit unions are _____ by the National Credit Union Administration (NCAU).

____________________ 13. Member and relatives may retain membership for life by simply maintaining a _____ regardless of changing jobs, retiring, or moving away.

____________________ 14. Typical services of credit unions are _____.

____________________ 15. Credit unions generally can lend funds to members at a rate of interest _____ than the rate other financial intermediaries charge because of their low operating expenses and low rate of loan default.

ESSAY

1. Write a short paragraph explaining how a teller's job duties at a credit union may be similar to a teller's job duties at a bank or savings and loan association.

2. Explain the benefits of being a member of a credit union.

ANSWERS

True and False

1. F
2. T
3. T
4. F
5. T
6. T
7. F
8. T
9. T
10. T
11. F
12. T
13. T
14. T
15. F

Multiple Choice

1. B
2. A
3. C
4. A
5. B
6. C
7. B
8. A
9. D
10. A

Matching

1. D
2. B
3. H
4. F
5. I
6. C
7. G
8. J
9. E
10. A

Fill in the Blank

1. Certificate of deposit (CD)
2. Credit unions
3. Direct deposit
4. Payroll deduction
5. Share draft account
6. Share savings account
7. Transaction accounts
8. Credit unions
9. Its members
10. Convenience and rate
11. Sate or federal government
12. Supervised
13. Share savings account
14. Share savings and checking accounts
15. Lower

Essay

1. Evaluated to the satisfaction of the instructor.
2. Answer should include a combination of the information below:
    1) Offer an attractive rate on savings.
    2) Offer dividend paying share draft accounts
    3) Credit unions generally can lend funds to members at a rate of interest lower than the rate other financial intermediaries charge because of their low operating expenses and low rate of loan default.
    4) Fewer costly fees
    5) Member and relatives may retain membership for life by simply maintaining a share savings account regardless of changing jobs, retiring, or moving away.

COMPETENCY MATRIX OF TEST BANK QUESTIONS

SECTION IV

SECTION IV		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
1	1	11,16-18,26	17,28,31,32,50	3-7,10,11, 16-18	21	
	2	1-8	1-3,40,42		10	1,2
	3	2,24,25	4-6,41,48,49		17,18	
	4	3-7	7-14,43-45	12-15	9,15	
	5	9	15,16		19,20	
	6	12	18-21		12,14	
	7	10,13-15, 19-21,27,30	22-27,29,30,33,46	1,2	11,13	
	8	22,23	34-39,47	8,9,19,20	1,5,7	
	9	28,29			3,4,6,8	
2	1		13-15,29,30	1-10	18	
	2	1	1		1	
	3	2-10,14,18	2,4,9,17-20,22,25		2,4,6,7,9-10, 14	1
	4	11-13,15-17	3,5,6,21		3,5,8,12,13	
	5	19,20,22	7,8,10-12,23,24,26-28		15-17,19	2
	6	21,23-25	16		20-25	

SECTION IV		QUESTION TYPES				
Unit	Comp.	T/F	MC	Match	Fill-in	Essay
3	1	2		1-10	2,3,8	
	2	1	1			
	3	3-6	6-10		9,11,12	
	4	7,8,10,11, 13-15	2-4		10,15	2
	5	9,12	5		1,4-7,13,14	1

COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

(1) acceptance policies on student transfers from other school districts;

(2) operation of school bus routes or runs on a non-segregated basis;

(3) nondiscrimination in extracurricular activities and the use of school facilities;

(4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;

(5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;

(6) nondiscriminatory practices relating to the use of a student's first language; and

(7) evidence of published procedures for hearing complaints and grievances.

In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964; EXECUTIVE ORDERS 11246 AND 11375; TITLE IX, 1973 EDUCATION AMENDMENTS; REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; AND VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

It is the policy of the Texas Education Agency to comply fully with the nondiscrimination provisions of all federal and state laws and regulations by assuring that no person shall be excluded from consideration for recruitment, selection, appointment, training, promotion, retention, or any other personnel action, or be denied any benefits or participation in any programs or activities which it operates on the grounds of race, religion, color, national origin, sex, handicap, age, or veteran status (except where age, sex, or handicap constitute a bona fide occupational qualification necessary to proper and efficient administration). The Texas Education Agency makes positive efforts to employ and advance in employment all protected groups.

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